

JPRS-SEA-87-043

26 MARCH 1987

## **Southeast Asia Report**



**FOREIGN BROADCAST INFORMATION SERVICE**

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

26 MARCH 1987

## SOUTHEAST ASIA REPORT

## CONTENTS

## AUSTRALIA

Australasian Exchange Dealers Belittle Paris Dollar Pledge (Peter Bale; THE EVENING POST, 24 Feb 87) .....	1
Hawke, Keating Consider May 1987 Budget Review (THE EVENING POST, 25 Feb 87) .....	2

## INDONESIA

PPP Response to Soedardji's Statement (PELITA, 12 Jan 87) .....	3
NU Office Holders To Be Declared Nonactive (MERDEKA, 13 Jan 87) .....	4
West Java NU Urges Members To Vote for GOLKAR (PELITA, 16 Jan 87) .....	6
PPP Lauds NU's Attitude (MERDEKA, 17 Jan 87) .....	8
NU Chief on West Java NU's Appeal (PELITA, 19 Jan 87) .....	10
NU Scholar's On-Again Off-Again Candidacy (TEMPO, 24 Jan 87) .....	11

## NEW ZEALAND

Finance Minister Rejects Criticism of Economic Policy (THE EVENING POST, 21, 24 Feb 87; THE NEW ZEALAND HERALD, 25 Feb 87) .....	15
Policies 'On Target', by Tony Garnier	15

Exchange Rate Edge	16
Blames Farm Subsidies	17
Discusses Corporatization, by R. O. Douglas	17
Labor Dissidents Criticize Lange Policies (THE EVENING POST, 23, 24 Feb 87; THE NEW ZEALAND HERALD, 26 Feb 87) .....	19
'Broad Left' Formed	19
Lange Reaction	19
HERALD Lampoons Lange Reaction	20
Editorial Says Economic Recovery Plan 'Falling Apart' (THE EVENING POST, 23 Feb 87) .....	21
Agriculture Minister Explains Stance on Iran Lamb Subsidies (THE EVENING POST, 25 Feb 87) .....	22
Works, Defense Ministers To Retire (THE EVENING POST, 24 Feb 87) .....	23
FOL To Review Support for Labor Party, Cites Unemployment (THE NEW ZEALAND HERALD, 21 Feb 87) .....	24
Muldoon Says Labor Losing Edge; Analyzes Coming Elections (THE EVENING POST, 25 Feb 87) .....	25
Queensland Premier's National Bid Poses Wellington Concern (Editorial; THE NEW ZEALAND HERALD, 26 Feb 87) .....	26
Wellington Travel Costs Reflect 'Unflattering Image' (Editorial; THE NEW ZEALAND HERALD, 25 Feb 87) .....	27
Mitsubishi Buys Local Car Manufacturer (THE EVENING POST, 19 Feb 87) .....	28
Broker Reports Hong Kong Investors' Interest (THE EVENING POST, 21 Feb 87) .....	30

#### PHILIPPINES

Enrile Says Amnesty Offer to Rebels Badly Timed (Tara S. Singh; BUSINESS DAY, 3 Mar 87) .....	31
Aquino Accused of 'Impeachable Offense' (BUSINESS DAY, 2 Mar 87) .....	33
VERITAS Says Aquino Ticket Lacks Political Coherence (Editorial; VERITAS, No 14, 26 Feb-4 Mar 87) .....	35
Cebu Political Leaders Confident in Aquino (ANG PAHAYAGANG MALAYA, 9 Feb 87) .....	37



Charter Ratification Does Not Abolish Autonomous Regions (MANILA BULLETIN, 8 Feb 87) .....	38
Plebiscite Interpreted as Rural Rejection of Revolution (Editorial; MANILA BULLETIN, 6 Feb 87) .....	39
Danao Plebiscite 'Yes' Defies Durano Machine (Editorial; SUN STAR DAILY, 4 Feb 87) .....	40
Finance Secretary on Land Reform Program (BUSINESS DAY, 2 Mar 87) .....	41
Manila Daily Views Land Reform Program (Editorial; MANILA BULLETIN, 9 Feb 87) .....	43
Land Reform Program Described as Token (Amando Doronila; THE MANILA CHRONICLE, 4 Mar 87) .....	44
IMF Talks Update Economic Targets (BUSINESS DAY, 2 Mar 87) .....	46
Position in Foreign Debt Talks Said Strengthened (BUSINESS DAY, 2 Mar 87) .....	48
Manila Begins Payments on Indonesian Rice (MANILA BULLETIN, 7 Feb 87) .....	50
Former PCP Member Lectures Against Australian Aid to NDF (REVEILLE, Jan-Feb 87) .....	51
Consumer Prices Maintain Slow Trend (BUSINESS DAY, 4 Mar 87) .....	53
Daily Reports Uncontrolled Growth of Reserve Money (BUSINESS DAY, 4 Mar 87) .....	55
Baguio Trade Zone Boosts Sales 57 Percent (MANILA BULLETIN, 9 Feb 87) .....	57
Briefs	
Four Killed in Albay	58
Gunmen Attack Muslim Village	58
French Delegation Visits	58
Broader Representation in Mindanao Talks	59
Rebels Hijack Buses, Raid Davao	59
Twelve Communists Killed in Leyte	59
Insurgency Casualties	59

#### THAILAND

Bunchu Faults Indochina Policy Based on Security Fears (SIAM RAT, 20 Dec 86) .....	60
---	----

S&T Development Chief Comments on Policy, Foreign Support (Smirt Khampheuamphoon Interview; SIAM RAT, 22 Dec 86) ...	63
---	----

#### COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

Son Sann Message on KPNLF Anniversary (Voice of the Khmer, 5 Mar 87) .....	66
VODK Comments on Vietnamese Cabinet Reshuffle (Voice of Democratic Kampuchea, 19 Feb 87) .....	68
VODK Calls on KPRAF Soldiers To Turn Against SRV (Voice of Democratic Kampuchea, 10 Feb 87) .....	69
VODK Says SRV Has No Goodwill for Political Settlement (Voice of Democratic Kampuchea, 9 Mar 87) .....	71
Company of Government Soldiers in Samlot Defects (Voice of the National Army of Democratic Kampuchea, 7 Feb 87) .....	73
VONADK Reports DKNA Attacks in Phnom Penh (Voice of the National Army of Democratic Kampuchea, 22 Feb 87) .....	74
SRV Regiment Position in Pursat Attacked (Voice of the National Army of Democratic Kampuchea, 23 Feb 87) .....	75
VONADK Rounds Up Battle Results of February (Voice of the National Army of Democratic Kampuchea, 3 Mar 87) .....	76
VODK Reports Resistance Attack in Kampot District (Voice of Democratic Kampuchea, 7 Mar 87) .....	78
VODK on Guerrilla Action North of Phnom Penh (Voice of Democratic Kampuchea, 8 Mar 87) .....	79
KPNLF Destroys 3 SRV Tanks in Battambang (Voice of the Khmer, 11 Mar 87) .....	80
Briefs	
Sihanouk Forces Attack SRV Position	81
KPNLF Forces' Attack Along Border	81
SRV Soldiers in Koh Kong Desert	81
SRV Positions in Stung Treng Attacked	82
Pak Song-chol Message to Khieu Samphan	82

## PEOPLE'S REPUBLIC OF KAMPUCHEA

Defense Minister Youth Union Congress Address (Koy Buntha; Phnom Penh Domestic Service, 7 Mar 87) .....	83
Briefs	
Greetings From Mozambique Foreign Minister	87
Dry-Season Rice Production in PRK	87
Banteay Srei Returnees	87

## VIETNAM

### MILITARY AFFAIRS AND PUBLIC SECURITY

Briefs	
Opposition to Economic Programs Reported	88

### INTERNATIONAL RELATIONS, TRADE, AND AID

Briefs	
Tradition, Prestige Prize	89

### PARTY ACTIVITIES AND GOVERNMENT

Policy Deals With Gifts Sent Home From Overseas Vietnamese (Nguyen; NGOAI THUONG, 10 Dec 86) .....	90
Binh Tri Thien Committee Sets 1987 Tasks (Anh Trang; NHAN DAN, 13 Feb 87) .....	93
Vinh Phu Province Sets Regular Meetings With Masses (Nguyen Thanh Long; NHAN DAN, 16 Feb 87) .....	97
Vung Tau-con Dao Socioeconomic Targets Adopted (Tran Sinh; NHAN DAN, 20 Feb 87) .....	99
Briefs	
Government Adjusts Boundaries	102
Recruitment of New Party Members	102

### ECONOMIC PLANNING, TRADE, AND FINANCE

Increase in Consumer, Export Goods Urged (Pham Thanh; NHAN DAN, 2 Jan 87) .....	103
Reasons for Competing in Buying, Selling of Goods Explained (NGOAI THUONG, 10 Dec 86) .....	105
NHAN DAN Urges More Jobs for Laborers (Editorial; NHAN DAN, 10 Feb 87) .....	110

Hoang Lien Son Socioeconomic Targets Reported (Nguyen Anh Binh; NHAN DAN, 27 Jan 87) .....	113
NHAN DAN Reports on Thai Binh Economic Tasks (Vu Kiem; NHAN DAN, 26 Jan 87) .....	116
Quang Ninh Adopts Economic Programs (NHAN DAN, 22 Feb 87) .....	119
Briefs	
Improvement of Economic Management	121
Kien Giang Increases Handicrafts	121
Population, Relocation Labor	121
AGRICULTURE	
Potential Economic Resources Available in Sea (Nguyen Dai Duong; NGOAI THUONG, 10 Dec 86) .....	122
Article Contains Facts About Vietnam's Marine Resources (NGOAI THUONG, 10 Dec 86) .....	124
Radio Reports on Rice Planting Situation (Hanoi Domestic Service, 10 Mar 87) .....	125
NHAN DAN Urges Expansion of Subsidiary Food Crop Planting (Editorial; NHAN DAN, 3 Jan 87) .....	127
Daily on Exploitation of Potentials in Agriculture (Editorial; NHAN DAN, 9 Feb 87) .....	129
LIGHT INDUSTRY	
Resolution Released on Municipal Small Industry, Handicrafts (SAIGON GIAI PHONG, 9 Dec 86) .....	131
TRANSPORTATION AND COMMUNICATIONS	
Briefs	
Hanoi-Phnom Penh Telephone Link	141
HEALTH, EDUCATION, AND WELFARE	
Vo Tran Chi Interviewed on Press Renovation (SAIGON GIAI PHONG, 7 Jan 87) .....	142
Reasons for Doctors Rejection of Party Membership Examined (SAIGON GIAI PHONG, 9 Dec 86) .....	146
Alcoholism Prevalent Among City's Youth (Nguyen Huu Tai; SAIGON GIAI PHONG, 7 Jan 87) .....	149

AUSTRALASIAN EXCHANGE DEALERS BELITTLE PARIS DOLLAR PLEDGE

Wellington THE EVENING POST in English 24 Feb 87 p 13

[Article by Peter Bale]

[Text]

SYDNEY, Feb 23. -- Australasian foreign-exchange dealers said today the Paris pledge by major industrial democracies to support the sliding US dollar was much ado about nothing.

Currency dealers here who had been expecting a more solid agreement, were unimpressed. "It seems to have been much ado about nothing," Westpac Banking senior foreign exchange adviser Neville Yuill said.

Dealers said the New Zealand and Australian markets, the first to trade following the Paris meeting, showed little reaction, with the dollar opening at 1.8200 marks against its close in New York on Friday at 1.8190.

There was unexpectedly heavy buying from Tokyo by at least one US-based institution and this pushed the dollar higher in early trading to 1.8450 West German marks, dealers said. But they added that the purchase might not

have been based on the statement from Paris. In Sydney, the dollar rose to 154.80 yen from an opening of around 153.20 yen.

New Zealand dealers expected minimal impact on the US dollar from the Paris statement.

"If the politicians kept out of it the dollar would actually be a lot more stable," one senior dealer there said.

Mr Yuill said: "There had been an expectation that G-5 (the Paris nations minus Canada) would come up with something more solid, but as that has not eventuated the heat has come off."

In Sydney, Banque Nationale de Paris foreign exchange manager Peter Nichols said the comments from the meeting were fairly lacklustre, but could achieve the aim of stability depending on US trade statistics and economic policy.

"At the moment the market is so choppy and directionless nobody wants to hold on to positions," he said. — NZI'A

/9274

CSO: 4200/383



# HAWKE, KEATING CONSIDER MAY 1987 BUDGET REVIEW

Wellington THE EVENING POST in English 25 Feb 87 p 23

[Text] The Federal Government is now expected to announce plans for a May expenditure statement next month after studying the early outlines of the 1987/88 Budget.

Prime Minister Bob Hawke has backed up strong indications by Treasurer Paul Keating that the Government would opt for a May statement to cut outlays over a full 12 months from July 1 this year.

While an announcement is not expected until late next month, an enlarged version of the Government's razor gang Expenditure Review Committee (ERC) of Cabinet earlier this week to consider the preliminary outlook for next year as gauged by Treasury officials.

Government officials said the ERC would meet again later this week but Cabinet was not expected to make a decision about a May statement until late next month.

## Timing

Speaking on Sydney radio station 2GB, Mr Hawke said a May statement was something that "may well be necessary."

"We are just settling in to the tough Budget preparation processes now and that is a possibility that is open and I think the Australian people would expect it."

"If tough things have got to be done, then let's start doing them," Mr Hawke added.

The Government opted for a May statement in 1983 and 1985 but officials said it was not a process that should be used on an annual basis.

Treasurer Paul Keating said

earlier this month he liked the idea of a May statement but a firm decision would depend on the Government's study of the Budget process.

Apart from the "inner sanctum" of ERC Ministers, the meeting included three Government leaders from the Senate and the House, Industry and Commerce Minister Senator John Button, Resources and Energy Minister Senator Gareth Evans, and Deputy Prime Minister Lionel Bowen.

Government officials said Social Security Minister Brian Howe had been added to the core group of ERC Ministers.

This group now consists of Mr Howe, Mr Hawke, Mr Keating, Finance Minister Senator Peter Walsh, Employment and Industrial Relations Minister Ralph Willis and Trade Minister John Dawkins who is absent overseas.

## Left link

The inclusion of Mr Howe is regarded as an attempt to tie the Left faction to any sharp Budget cutting decisions.

The Government is understood to support a \$200 million family policy package to counter the Opposition's family policy — but this will require cuts from other areas.

The Budget process has been accentuated in recent months by a blowout in public debt interest payments which threatens the accuracy of the predicted \$3.5 billion deficit this financial year.

— NZPA-AAP



## INDONESIA

### PPP RESPONSE TO SOEDARDJI'S STATEMENT

Jakarta PELITA in Indonesian 12 Jan 87 pp 1, 3

[Text] Drs Mardinsyah, secretary general of the DPP [Central Executive Committee] of the PPP [United Development Party], said that Drs Soedardji has not been a chairman of the committee since 29 July 1986. Pressured by all of Indonesia's 27 provincial executive committees, the DPP stripped Drs Soedardji of his office and his membership in the party's DPP through DPP PPP SK [decree] number 003/SK/DPP/P/VII/1986.

Therefore, he told the press in Jakarta yesterday, Soedardji no longer has the right to act on behalf of the leadership and members of the party.

This explanation was in response to a statement made by Soedardji about the PPP's candidates' list for the 1987 elections.

In this statement Soedardji, who called himself chairman of the DPP, pointed out that he was not responsible for compiling the PPP's provisional list of candidates for the DPR [Parliament], for provincial-level DPRDa [Provincial Parliament] or for county-level DPRDa for all of Indonesia.

Soedardji said that when the list of candidates was compiled, the principle of mutual agreement was ignored, part of the PPP's potential was set aside and aspirations which are very much alive for most members of the PPP were not taken into consideration.

Mardinsyah said that the DPP's decisions were carried out according to the committee's well-formulated regulations.

Mardinsyah said that Soedardji has the right not to vote for the PPP in the upcoming election.

However, he said, if Soedardji urges others not to vote for the star [the PPP] in the election, he is violating existing regulations.

Mardinsyah recommended that Soedardji remember that the law is included in the present period of total active development.

Therefore, he also suggested that all segments of society, especially members and sympathizers of the PPP, remain calm and cautious so as not be hooked by some people's efforts to destroy national stability, particularly just before the election.

1987/1

020 8211/1

# NU OFFICE HOLDERS TO BE DECLARED NONACTIVE

Jakarta MERDEKA in Indonesian 13 Jan 87 pp 1, 11

[Text] Now that 13 East Java Nahdatul Ulama [Muslim Scholars] (NU) executive committee officials have been deemed "political deserters" and are slated for deactivation, another 130 officials from the East Java branch are also going to be declared nonactive.

The other 130 NU executive officials have also been deemed "political deserters" and the deactivation process was discussed at the East Java NU's Second Annual Working Meeting, which took place yesterday and the day before on Raya Darmo Street, Surabaya.

MERDEKA's Surabaya correspondent reported that those participating in the working meeting had gathered information about NU members and officials who have been put up as candidates in the 1987 elections. The meeting, which ended yesterday afternoon, concluded that there were another 130 officials who were "political deserters," in addition to the original 13.

Several participants in the meeting said that the fact-finding session was in conformity with regulation number 212, dated 2 January 1987, promulgated by the NU's Executive Board. They also said that every NU official who had been put on a provisional candidates' list for membership in the DPR RI [Republic of Indonesia Parliament] and the DPRD's [Provincial Parliaments] by the PPP [United Development Party], by GOLKAR [Functional Groups Party] and by the PDI [Indonesian Democracy Party] had to be declared inactive--from the provincial and branch officials down to lower autonomous bodies and societies.

However, they would be given the opportunity to return to the organization. On the other hand, if they persist, their positions would be filled by members who were in a direct line and limited to the same slots.

The 130 members who have been threatened with deactivation come from 38 of the NU's 44 branches in East Java. This means that only six NU branches were declared clean of acts of "political desertion." Participants at the meeting stated that the six clean branches are those in Jember, Bondowoso, Kencong, Trenggalek, Tuban and Pamekasan.

One of the participants said, "Those branches are really clean and not one of their executive officials has been put up as a candidate on the DPRD provisional members' list for the 1987 elections by any of the parties."

#### Said They Would Withdraw

Soleh Hayat, deputy secretary of NU's East Java branch, affirmed that the procedure for the deactivation of these office holders had really taken place. He said that the offer made to them to return to the organization and to withdraw from the candidates' list is still open. However, up to now there have been no obvious signs of withdrawals.

However, after K H Syamsuri Badawi, the East Java PPP's top candidate, withdrew his candidacy for the DPR RI, Abdul Gani, deputy secretary of the Pasuruan PPP, also announced his withdrawal. He said that he was resigning from his office. Cholil Agil, a grandson of a prominent Muslim scholar in Bangkalan, also withdrew. He also said that he was withdrawing from his position as deputy chairman of the Bangkalan branch of the NU. Both of them said they were withdrawing their candidacy for the DPRD as well as withdrawing from their positions of leadership in the party.

At the same time, the PPP has run out of office holders in the Nganjuk and Kediri branches. Almost all of the officials elected in the branch conferences have withdrawn and some of them have been fired by the PPP's Executive Board's General Chairman Naro. The officials who withdrew said that in general they would prefer to run the NU than to play political chess.

It was learned that many other charismatic NU members would return to leadership positions in the NU and would withdraw their candidacy in the 1987 election.

9846

CSO:4213/50

WEST JAVA NU URGES MEMBERS TO VOTE FOR GOLKAR

Jakarta PELITA in Indonesian 16 Jan 87 pp 1, 12

[Text] At the beginning of January the executive officers of 23 of the 24 West Java branches of the Nahdlatul Ulama [Muslim Scholars Organization] [NU] issued a declaration urging the West Java NU community to vote for GOLKAR [Functional Groups Party] in the upcoming election. This declaration was issued following a friendly meeting of West Java's NU advisory and executive officers held in Pangandaran, Ciamis from 2 to 4 January 1987.

A very knowledgeable source explained to PELITA that the collegial meeting of important figures in the West Java branches of the NU was smooth and mature after an initial argumentative period. The mature attitude at the meeting was obvious since the statement was issued before the date that the DCS (Preliminary Candidates List) for the elections was to be released. This means that the political attitude of the NU branches has no connection with their satisfaction or dissatisfaction with the 1987 DCS at all levels.

The Bekasi branch was the only one not to go along with the statement and the call on members to vote for GOLKAR. The other branch leaders attending include H Tb. Anis Fuad from Serang, H Bisri Amin from Cirebon and Rosyidi from Indramayu, who are influential figures with a lot of support from the NU community.

"The important thing is that every branch, with the exception of Bekasi, attended and sent someone to represent the advisory and executive elements in the NU," he argued. The source mentioned above also said that the statement was preceded by an opening statement wishing for success in carrying through the election on 23 April 1987, together with the New Order government.

Contacted by PELITA in Bandung yesterday, Drs H Hafidz Ustman, chairman of the West Java NU Executive Board, confirmed the existence of the statement. He said that although he had not yet received a written copy he had seen the document.

The signatories to the statement are important NU branch advisory and executive figures, described as figures commanding respect.

PELITA asked about the attitude of West Java's NU executives. Drs Hafidz, chairman of West Java's NU Advisory Board, former member of Parliament and now a member of the West Java DPRD [Provincial Parliament], just smiled, saying that the branches' attitude is a sign of maturity.

#### Withdrawing

Meanwhile, H Moh. Solih from Sukabumi, a candidate for the DPR [Parliament] and for the West Java provincial DPRD, withdrew his PPP candidacy last week. M. Solih, chairman of the Sukabumi branch of the NU and deputy chairman of the local DPRD, said that he would support GOLKAR in the voting.

According to the 1987 DCS, Moh. Solih is number 36 in the list of candidates for the central DPR and number 19 for the West Java DPRD. Solih was among those who attended the meeting in Pangandaraan, Ciamis. Drs H Hafidz Ustman, chairman of the West Java branch of the NU, said that he was aware of Solih's withdrawal as a candidate. M. Solih is well known as a retired military officer from the 1945 generation, who after retirement jumped into the political cauldron of the NU and then of the PPP.

Besides Solih, two other West Java NU figures will soon withdraw their PPP candidacies. One of them is H Ahmad Zabidi, SH [Master of Laws], a member of the West Java DPRD and of a parliamentary commission. Young, experienced and a son-in-law of the late K H Muiz Ali, who was chairman of the West Java branch of the NU, he was put up by the PPP as number 28 on the list of candidates for the Central DPR. The West Java PPP got 13 seats in the DPR RI in the 1982 election.

The second figure who is going to withdraw his PPP candidacy is Drs H Ruchiyat Noor. A member of the West Java DPRD and a former member of the central DPR elected in 1977, he was the secretary of the West Java NU provincial executive committee for many years. In response to questions about the reasons for his withdrawal, he said, "I'm offended, because the NU has been belittled by the MI [Indonesian Muslims]." The PPP now has 16 seats in the West Java DPRD, six of them for the NU. Ruchiyat Noor estimates that the PPP will have a big drop in seats.

9846  
CSO:4213/50



# PPP LAUDS NU's ATTITUDE

Jakarta MERDEKA in Indonesian 17 Jan 87 p 1

[Text] The East Java Provincial Executive Board of the United Development Party [DPW PPP] welcomed the Nahdlatul Ulama's [Muslim Scholar's Organization](NU) policy of deactivating all office holders put up as candidates, whether by the PPP itself or by any other organization participating in the election. Releasing them will have a positive effect on the PPP's efforts to create a professional political staff. Besides that, membership in the PPP will be on an individual basis and will not be based on membership in one of its components.

Ahadin Mintaroem, secretary of the East Java DPW PPP, recently made this statement to MERDEKA in his office in response to the NU PB's [Executive Board] policy of deactivating any office holder put up as a candidate by any sociopolitical group participating in the election.

"Releasing the NU's office holders will be a strategic point, one that will directly mobilize cadres to support the PPP in the upcoming campaign," he said.

Ahadin said that the policy to fix up the organization, especially that of the elements which came together to create the PPP, should be viewed positively.

"Why should we bother about the NU tidying itself up?" said Ahadin firmly.

He considers that policy a crystallization of the efforts to stabilize the NU in the area of developing a more long-term way of spreading Islamic principles.

The PPP considers the development of the organization now being carried out by the Nu a way of conforming to the regulations contained in law number 8 of 1985.

Ahadin, a former figure in the East Java HMI [Islamic Students Association], said that it will have positive effects on the figures put up as candidates by the PPP.



The NU community itself would more clearly find the way to channel their political aspirations because their leaders in the PPP would become clearer to them.

"The NU would be more mature in preparing a more lasting political structure," he added.

#### Disagrees

Meanwhile, Kyai Koen Soelichudin, a full member of the PB NU's Advisory Council and deputy chairman of the PPP's East Java Provincial Executive Board, contacted separately, did not agree with the charge of political desertion leveled at the NU office holders whom the PPP has put up as candidates.

He said that when NU office holders go over to the PPP that does not mean that they have run away in the sense of political desertion but rather that they are fulfilling the people's participation in governing; that way of being political is in accordance with the NU's line of action.

Office holders are not prohibited from choosing a political party in the NU and the NU guarantees its members the freedom of choice in channeling their political aspirations.

Koen Soelaichudin, who appeared as number 5 on the list of East Java candidates for the DPR RI [Republic of Indonesia Parliament], revealed that the office holders who were put up as candidates but who would not win any seats could return as leaders of the NU because the policy of deactivation was only temporary. On the other hand, those who actually sit on the legislature would most likely choose to leave their positions of leadership in the NU.

As part of its policy to stabilize their organization, the PB NU has already stated its firm policy on office holders' having two positions and this time the policy includes being chosen as a candidate by any party in the 1987 election.

This policy, he said, is also aimed at preachers, directors of religious schools and heads of educational institutions, who as noncandidates may not campaign.

This policy was promulgated so that the name of the NU would not be implicated in the campaign, those who serve as candidates in the election must accept the obligation to campaign.

9846

CSO:4213/50

## NU CHIEF ON WEST JAVA NU'S APPEAL

Jakarta PELITA in Indonesian 19 Jan 87 pp 1, 2

[Excerpts] H Abdurrahman Wahid, chairman of the Executive Board of the Nahdlatul Ulama [Muslim Scholars] (PBNU), said that the West Java branches' declaration and appeal for their members to channel its political aspirations through GOLKAR [Functional Groups Party] in the upcoming election does not violate the NU's neutrality because it was done by their leaders as individuals and not by the NU organization.

In response to questions from PELITA in the PBNU's Jakarta office on Saturday [14 January 1987], this PBNU top figure admitted that he had not yet officially received the text of the statement made by the West Java branch offices. However, it was explained that Drs H Hafidz Usman, NU's West Java provincial chairman, had informed the PBNU orally of what happened at the NU's West Java meeting held in Pangandaran, Ciamis at the beginning of this month.

## Modernization

Abdurrahman Wahid said that the NU's neutrality, determined at the NU's 27th Congress held in Situbondo, was partly intended to update NU members in choosing the way to channel their political aspirations, since the NU is no longer a political organization. In this way, NU members will make a more meaningful contribution to national political development. "Existing sociopolitical forces will determine the importance of their vote," he said.

H Abdurrahman is convinced that the appeal, if it really exists and is transmitted everywhere, will be very influential. "NU branch leaders are influential and respected by NU members. If members are aware of their attitudes and aspirations, they usually are obeyed", he said.

Nevertheless, Abdurrahman added that NU members are getting more critical and more mature. Whether the appeal exists or not, they are capable of making their own decisions in the upcoming election.

He said he was glad that NU members have understood the NU's Situbondo decision affirming an equal distance between the NU and all contestants in the election. NU members realize that it is no longer taboo for other contestants in the election to put up NU figures for election.

9846

CSO: 4213/50

# NU SCHOLAR'S ON-AGAIN OFF-AGAIN CANDIDACY

Jakarta TEMPO in Indonesian 24 Jan 87 pp 20, 21

[Text] The PPP [United Development Party] is not going to lose the candidate it depends on in East Java. Last week the DPP [Central Executive Board] of the PPP announced that K H Syamsuri Badawi had cancelled his withdrawal for candidacy in the DPR [Parliament]. The previous week it was widely announced--and it was not denied by the person involved--that he would withdraw his candidacy.

In the meantime, the puzzle presented by the candidacy of Syamsuri, a Muslim scholar from the Tebuireng Religious School, became clearer even though there still remained several annoying questions--for example, what really made Kiai Syamsuri vacillate.

When this 68-year-old scholar was approached last week, he was reluctant to discuss in any detailed way the cancellation of his withdrawal from the provisional candidates' list (DCS). "How can I give a profound explanation? I'm really not allowed to do that," he said. He seemed to be aware that that attitude could lead to false interpretations. "People who don't understand this accuse me of being devious," he added.

In fact there has been such an accusation of deviousness, at least in the form expressed by Mahbub Djunaidi, deputy chairman of the PB NU. "His on-again off-again attitude makes him less esteemed," he was quoted in PIKIRAN RAKYAT as saying.

What was interesting were the addenda to Kiai Syamsuri Badawi's cancellation statement. Last week Badawi Mahbub, chairman of the Jombang PPP DPC branch (Executive Board), said that Kiai Syamsuri's willingness to be a candidate again "had the blessings of K H Adlan Aly." Mentioning the blessings of Kiai Adlan Aly, 90 years old, the oldest Muslim scholar in East Java and now general chairman of Jam'iyah Ahlith Thariqatil Mu'baratin Nahdliyah (NU's mystical experts' society), is very important because it justifies Kiai Syamsuri's "change of attitude."

It is said that the blessings were conferred when Syamsuri, accompanied by Imron Rosyadi and Sulaiman Fadli, chairman of the East Java PPP's DPW [Provincial Executive Board], went to Kiai Adlan's house in Cukir, Jombang on

12 January. But Kiai Adlan himself denies this. "I don't feel that I was asked to give my blessings or that I gave my blessings." TEMPO's source explained that Kiai Adlan had witnessed Syamsuri signing a letter stating his willingness to be put up as a candidate again, but that this should not be interpreted as giving his blessings.

So Kiai Syamsuri is still a PPP candidate. He was born in Cirebon, is rather influential in East Java and deserves to be a bone of contention between the PPP and the leaders of the Tebuireng School. Syamsuri, unlike other PPP candidates such as Imam Sofwan from Central Java, is less known nationally. He has no position in the NU. According to Said Budairy, the PB NU's treasurer, Kiai Syamsuri is not a PB NU advisor. "Kiai As'ad only used him once as a member of the team created to form the PB NU," said Said.

Syamsuri's post is local in scale. He is chairman of the Jombang branch of the PPP Party Consultative Council. He is also the chairman of the PPP faction in the level-2 [county] DPRD [Provincial Parliament] in Jombang. But he is best known in connection with the Tebuireng School, to which he has dedicated himself for 36 years. Syamsuri is a pupil of K H Hasyim Asy'ari, founder of the NU and of Tebuireng. Syamsuri's name began to be known nationally when he said that he was against the NU completely leaving the PPP. He even issued an edict that it is the legal obligation of the Islamic community to vote for the PPP in the upcoming election, something very much in conflict with the 1984 Situbondo decision.

Such Muslim scholars, especially a kiai of Syamsuri's class associated with the charismatic name of Tebuireng, which has 3,000 students and tens of thousands of alumni and hundreds of thousands of people who respect it, are very fortunate for the PPP, which has officially been left by the NU. It is understandable that the PPP wants to defend Syamsuri's candidacy in any way possible.

The "struggle" between the PPP and Tebuireng for Kiai Syamsuri is a continuation of the conflict between the "political wing" of the NU and the Muslim scholars' faction. It can be said that the Muslim scholars side won after the 1984 Situbondo Congress decided to return to the 1926 line of action, meaning that the NU abandoned its political affiliations. The Situbondo Congress decided that the NU values the political rights of each of its members and does not forbid them from being active in political organizations. The only thing forbidden is holding two positions at the same time, in the NU leadership and in central and provincial levels of political organizations.

A number of NU members who have been struggling for a long time in the political field were reluctant to leave that world. Some professional NU politicians did not hesitate to give up their posts; for instance, Imam Sofwan resigned as the chairman of the Central Java NU.

However, the PB NU went one step further: NU office holders, including those in the autonomous and social bodies, were forbidden from becoming candidates for the DPR. It seems that the leadership of the Tebuireng Religious School had the same view. In a meeting of Tebuireng officeholders held on 25



September 1986 the following decision was made: all Religious School office-holders who are put up as candidates anywhere are considered to have resigned from their posts in Tebuireng.

Kiai Syamsuri chose to retain his post in the religious school so that the students would not be scattered everywhere and the school not be disbanded. It was this attitude which was later announced as the reason behind his withdrawal from the candidates' list. Syamsuri's letter requesting withdrawal was widely disseminated. He wrote to the Indonesian Election Committee and to the Jombang Regional Election Committee on the Tebuireng Religious School's letterhead saying that he was withdrawing from candidacy and giving as reasons his heavy workload in the school and his respect for the decision made at the meeting held on 25 September. Copies of the letter, dated 6 January, were sent to the DPP of the PPP, the DPC of Jombang's PPP and to Tebuireng's managers.

After that letter appeared the PPP accused Jusuf Hasjim of forcing Syamsuri to withdraw. This was vigorously denied by Jusuf, who met with Nuddin Lubis in the DPR last week to report on the incident.

The DPP of the PPP then tried to tame Kiai Syamsuri by sending Imron Rosyadi to Jombang on 12 January. It is said that Syamsuri canceled his withdrawal when Imron explained the possibility that because of his attitude he could be accused of subversion. However, according to Nugroho, deputy attorney general for intelligence and member of PANWASLAK (Election Oversight Committee), that accusation has no basis. "Withdrawing from candidacy cannot be considered subversion. Kiai Syamsuri has the perfect right to withdraw," Nugroho was quoted as saying in the JAWA POST.

K H Syamsuri has said that he only wants to have a seat in the MPR [People's Representative Council]. "My primary intention, if it is granted, is to become a member of the MPR, since then I can still think about the school," he told TEMPO last week. He meant that if he was elected to the DPR, he would have to give up that position.

Sulaiman Biyahimo, from the PPP's East Java MPW [Regional Consultative Council], admitted that he had known about Syamsuri's intention for some time. "Someone who wants to become a candidate for the MPR must first be a candidate for the DPR. He indeed asks to become a member of the MPR, if possible."

Nevertheless, it is not clear that Syamsuri, if elected, will only have a seat in the MPR. He once said that he intended to have a seat in the DPR because "the DPR needs to have spiritual leadership."

The problem is what will happen if Syamsuri, who was once told by K H Asy'ari that he must continue to teach in the school under any condition, has to leave the Religious School. Some senior students could not imagine Tebuireng without Syamsuri. "The soul of the school is in Kiai Syamsuri's hands," said a senior scholar. Another senior scholar said that if Kiai Syamsuri becomes a member of the DPR it is clear that technically he can no longer be active in the school.

Can Kiai Syamsuri be a member of the MPR and also direct Tebuireng? It would seem to be difficult. Tebuireng's head, Jusuf Hasyim, affirmed this past Thursday [22 January] that Syamsuri would be removed from his position in Tebuireng in conformity with the agreement reached on 25 September. "This is actually a relief for the school. Up to now Kiai Syamsuri has always had a close connection with Tebuireng. This makes it difficult for Tebuireng to be a neutral institution. Kiai Syamsuri is clearly leaning in the direction of the PPP and is even requiring the Islamic community to vote for the PPP," he said.

9846

CSO:4213/50



## FINANCE MINISTER REJECTS CRITICISM OF ECONOMIC POLICY

## Policies 'On Target'

Wellington THE EVENING POST in English 21 Feb 87 p 12

[Article by Tony Garnier]

[Text]

Finance Minister Roger Douglas refuses to accept that the Government's economic recovery strategy is falling apart.

"Broadly speaking we are on target," he says.

His response to economic analysts recently critical of monetary policy, inflation and interest rate trends, was that they were reflecting short-term news of the moment and ignoring the evidence showing a favourable trend.

"I am confident we have put in place policies which will mean New Zealand will be a lot stronger economically in the future," he said.

He still refuses to put a time frame on when the benefits will materialise, but he believes the indications of progress are apparent to people with a medium to long-term viewpoint.

## Bring benefits

"I am not complacent," Mr Douglas said. As I have said on a number of occasions, we still have a lot of work to do... but I am

saying we have put in place a lot of policies that are going to bring benefits over the next 4-to-5 years."

He also rejects that he is in a difficult position with this year's Budget because it is election year. Some commentators have argued that the budget deficit was so large, it was imperative that action be taken to increase tax or reduce expenditure.

Instead, they believe he won't follow either option and may, indeed, relax policy to help the Government win the election.

Predictably, Mr Douglas refuses to talk about the Budget, or discuss what options he is pursuing, but he did drop a few clues.

"I am not going to be panicked and am going to stick to a medium term strategy," he said.

"Anyone who suggests that somehow this Government has an election year strategy and is not prepared to hold firm, I think personally is fooling themselves."

If the Government had wanted to run an election year strategy as former Finance Minister Sir Robert Muldoon had, the brakes would already have been taken off, he said.

"You wouldn't be seeing the (tight) monetary situation you have now if we were a Government about to change course," Mr Douglas said.

Taking these comments at face

value, it is possible therefore to speculate with a degree of confidence on the broad framework of this year's Budget.

It will be delivered in late June or early July, or the latest possible time before a likely mid September election.

As far as whether it will be a non-event Budget, neutral, hold fast or tough, the best that can be said at this point is that it won't be a status quo Budget, that is not the Government's style, nor that of Rogernomics.

There will be new initiatives, given that it is Mr Douglas's practice to deal with issues as they arise. So what is on the rise?

## Major drive

Asked to respond to the criticism that the Government's biggest problem had been a failure to get the Budget deficit down to an acceptable level in its term to date, Mr Douglas conceded a point or two.

"We have to maintain a major drive on expenditure," he said. There is no doubt about that. And I would prefer to tackle it (the deficit) at the expenditure end rather than by imposing increased taxes."

It was no secret that he was having talks with Ministers in charge of the three big spending social portfolios, social welfare, health and education.

Both Social Welfare Minister Ann Hercus and Health Minister Michael Bassett had working groups studying options.

Reflecting on the considerable savings he believed would be made this year (but which were not sufficiently acknowledged by economists) in the corporatisation exercise, Mr Douglas said he was certain there was a considerable amount of waste in the social spending area which would be recovered by improved efficiency. But, he added, it was too early to say how far social expenditure saving would be taken this year.

"While the control of Government expenditure was terribly important the way in which you do it is also important," he said.

## All indicators

As with the corporatisation exercise, Mr Douglas suggested it may be necessary to outline principles for the social expenditure exercise before structural decisions were announced. (In the SOE exercise, the principles were announced in a December 1985 mini-Budget, and it was not until May last year that the new corporation structure was spelled out).

Despite the current high inflation level (18.2 percent in the year ended December 1986, about 12-12½ percent excluding gst), he believes there is "a steady improvement in all the indicators."

Until the introduction of gst, inflation had moved down as a re-

sult of the Government's tight monetary policy, said Mr Douglas. He believed the downward trend would continue, and agreed with private sector economists predicting a rate of less than 10 percent by the end of December.

"We shouldn't be confused about the impact of gst," Mr Douglas said. "To make generalisations (about the inflation rate) from the impact of gst was a nonsense because it was created by a tax." One side of the tax package, gst was measured by the consumer price index, but the other side, the cuts in personal tax, was not.

## Inflation figures

He conceded that his political opponents would point to the higher figure as evidence of policy failure, but added that he didn't accept that the public was "stupid." The public had had enough of politicians playing games with charts that didn't add up and didn't make sense.

The next inflation figures were due out in April (the March quarter) and would be important. But the June figures would be more important. His overall prediction was that the figures would show the Government's strategy was broadly on target.

## Bad shape

Other countries which had followed the type of orthodox policies the Government had put in place had experienced lags and short term reverses. They were predictable consequences, but

they had held firm with the strategy and completed the cycle of adjustment to emerge much stronger.

New Zealand's biggest problem was that for decades it had known it had needed to go through a cycle of structural adjustment but had refused to do so.

"Well, I think the best form of confidence is to hold firm," Mr Douglas said. "I am not going to be panicked. I am going to stick to a medium-term strategy."

Most other economies had taken from 3-to-4 years to come right, depending on how bad they were when they launched their strategies. "And you would have to say we were in pretty bad shape."

Mr Douglas indicated that he would not be responding to recent suggestions that monetary policy was not tight enough, and he believed that the attack by Informetric economist Dr Gareth Morgan had already been discounted or should have been discounted by the financial markets.

Mr Douglas said he was taking sounding on the state of the economy from a wide network of official and other contacts. He referred to a Zealcorp assessment which backed his own view that Dr Morgan's attack had been made with the benefit of hindsight. Zealcorp's latest financial fortnightly had noted that the Reserve Bank had already acknowledged it had underestimated the strength of the economy over the September quarter.

## Exchange Rate Edge

Wellington THE EVENING POST in English 21 Feb 87 p 12

### [Text]

Contrary to popular opinion, New Zealand's exchange rate is giving exporters a competitive edge over suppliers of similar goods from other countries to the Australian market.

So says Finance Minister Roger Douglas who revealed the results of a statistical analysis in a bid to demolish criticism by economists claiming New

Zealand was not competitive with Australia.

Taking 1983 as the base year, as of October last year the New Zealand dollar had depreciated in value by 6 percentage points to be 94

This compared with the movement of United States dollar which stood at 73 percent, the Japanese yen, 50 percent, the pound sterling 80 percent, and the German deutschmark 59

percent

## Globally

In global relative terms, New Zealand has gained a competitive edge over its competitors in the Australian market.

It was possible to show this by calculating the comparative appreciation of currencies of those other countries against both the Australian and New Zealand dollars.

## Blames Farm Subsidies

Wellington THE EVENING POST in English 24 Feb 87 p 2

[Text]

Either New Zealand continued along the path of economic adjustment set in train by the Government, or "we keep on going down the plughole," Finance Minister Roger Douglas said last night.

He was addressing about 400 Southlanders who crowded into the Waiwaka public hall.

In his prepared speech, Mr Douglas referred to the withdrawal of an invitation to him by Lumsden people to return to a second public

meeting in that district.

"I promised 600 farmers at Lumsden in November, 1985, that I'd come back in a year's time.

"The Southland Times billed that visit to Lumsden as 'Roger Douglas sticking his head in the lion's den'," he said.

"I just want to say this: It wasn't me who chickened out. It was the lion."

Much of his speech dealt with the economic crisis farmers have been experiencing for the past two years under "Rogernomics."

Farm support subsidies had totally removed the pressure on New Zealand agriculture to meet market challenges head on and beat them, he said.

Subsidies had given farmers the money to bid up land prices,

while land elsewhere was falling in value. Subsidies had also provided the money to pay the freezing works whatever they chose to ask for processing, with little regard for increased efficiency or innovation, he said.

In the seven years of subsidies, the taxpayer paid out \$4.8 billion and, although agricultural production rose by 30 percent, subsidies had achieved little.

Farming could not be secure in the future unless land prices were realistically related to the earning capacities of the land.

"That's the adjustment we are going through today.

"With sound policies over the last decade, that adjustment never would have been necessary.

"The pain stems directly from those past mistakes." — NZFA

## Discusses Corporatization

Auckland THE NEW ZEALAND HERALD in English 25 Feb 87 p 6

[Article by R. O. Douglas New Zealand Minister of Finance: "Substantial Gains Occuring With Corporatisation"]

[Text]

Turning state trading activities into corporations on April 1 will have profound continuing benefits for the New Zealand economy.

Contrary to the assertions of Opposition people such as Mr Doug Graham, corporatisation represents the single biggest step in control of Government spending for decades.

It is also the most important move yet made to free up the bureaucratic systems which have prevented state trading operations from making a positive economic contribution.

The problem has not been the people in the public service; rather, it has been the crazy, stifling systems they have been made to operate under.

For example, very few of the nine new state corporations have asset registers. In other words, they have no record of what they own.

### **Inefficiency Result**

State enterprises have been run without proper commercial criteria. Their borrowing has been at low interest rates from

the Government, or money has been provided free from departmental votes.

There was no incentive to be efficient, to allocate funds on sensible economic priorities, no financial performance objectives, and non-commercial management structures.

The result was inefficiency, and continuing costs to taxpayers who

had no idea how heavily they were subsidising such activities.

Most state-owned enterprises (SOEs) do not even have a profit and loss account, in the usual sense. Some do not have one at all.

They have no idea whether they run profitably or efficiently. Indeed, until now that has not even been a priority.

Yet they are huge organisations.

Over 20 years, New Zealand taxpayers have poured \$5 billion into state trading investments, for assets which would cost around \$23 billion to replace. That is close to half the value of the total listings on the New Zealand stock exchange.

This financial year, the combined return on those assets will be nil. Even small improvements in performance would have a measurable impact on national output.

We have poured good money after bad for years in the mistaken belief we were achieving economic goals.

But those investments have cost our economy far more than they have ever given back. They have soaked up funds for investment in other areas, and used tax revenue as a bottomless pit for funding.

Moreover, they have performed a conflicting set of policy objectives — social, regulatory, and commercial.

## Taxpayer's Interests

After April 1, social and regulatory functions will remain in the Government's control. But the commercial arms will finally be free to act as real businesses.

Criticism from the National Party attempts to obscure that fact with slogans and superficial analysis.

One argument is that taxpayers are "paying twice" when assets are transferred to the state enterprises, and that paying prices set by the corporations is taxation by stealth.

The implication is that taxpayers are being made to buy the enterprise from the Government, and will pay for the new corporation in higher prices.

That is wrong in two ways. For a start, the taxpayers' interests in SOEs are like those of shareholders. It is in their interests to get a good return

on the investment they have made — instead of the nil returns they currently get.

When assets are transferred to the SOEs, taxpayers will not have to pay again for those assets. Quite the reverse.

The SOEs will pay the taxpayer for them, by issuing the Government shares and by repaying their debt to the Government. This will reduce the amount of money the Government has to raise from taxpayers or borrowing.

Secondly, there is a big difference between being a shareholder, and being a consumer.

Virtually all taxpayers are consumers of various products or services supplied by SOEs.

But to suggest that, as consumers, they should not pay normal commercial prices for those products is like saying Wattle shareholders should be able to get free baked beans when they go to the supermarket.

That is obviously absurd.

What Wattle shareholders expect is a well-run, profitable company which will return a dividend on their investment, and to pay for the company's products when they consume them. The same goes for the taxpayer as shareholder in the state enterprises.

The best insurance for consumers against price increases is efficient management and a more competitive business environment that keeps prices down.

The fact is we are all paying the price of poor management and investment decisions at this very moment. Most people are not aware of it.

It is also suggested that making SOE management separate from the Government will reduce political accountability, and political flak, if prices rise.

However, commercial criteria, decentralised management, and performance-based rewards will increase accountabil-

ity throughout the organisations.

At present, accountability is highly centralised. No successful private sector business runs like that, as it leads to poor decision-making at all levels.

Furthermore, the assets remain state-owned. As the taxpayer's representatives ministers will be accountable for the performance of the SOEs.

Off-budget shifts of borrowing have raised the accusation that corporatisation is an accounting "trick with mirrors." Yet the Government has always been frank about these moves.

On May 19, 1986, the day the SOE policy was fully unveiled, I said: "I want to be quite up-front about this, because what we are doing here is not just a matter of using mirrors to bring down the budget deficit figures."

"I am not interested in making cosmetic changes which have no real impact."

"The off-budget shifts are incidental to major policy changes directed at improving efficiency in the state sector."

"These moves to private-sector borrowing are part of our policy of placing state trading enterprises on a normal commercial footing."

## Cash Savings Expected

There are substantial real gains occurring with corporatisation.

The Forestry Corporation, for example, expects to make cash savings in its first year of around 25 per cent of its expenditure level.

The corporations will not be able to carry on the crazy, wasteful investment that has gone on in the past such as the Government paying more money into State Coal every year than the entire business is now worth.

The other National Party line is that the SOE policy will allow corpora-

tions in monopoly or dominant market positions to charge excessive prices. This is just hogwash.

There are three important issues for such SOEs: the valuation process; the laws and regulations applying to monopolies; and management structures.

Remember, too, that those organisations are already operating and until now no one has ever tried to judge their efficiency, commercial management skills, or financial objectives.

SOEs that have historically had monopoly status will be structured to ensure they know their true costs, and can achieve acceptable rates of return without pushing prices too high or low.

Excessively low prices would be as bad as excessively high prices.

Both would distort investment decisions either into or away from industries based on that product, to the cost of other areas of the economy.

The process is complex. But sophisticated valuation techniques already exist for this kind of work, and expert international consultants are advising both the Government and the SOEs involved.

It is also important to make sure there is nothing to stop competitors entering the market. This is clearly possible in the case of telecommunications and electricity.

There is an irony in the National Party's criticism of the SOE policy. They are once again trying to keep their cake and eat it.

Their own policy is to privatise state-owned enterprises.

This would clearly lead to the following effects, all of which National claims would occur under present Government policy:

- Total loss of political accountability.

- No political flak for price increases.

- "Mirror trick" to cut the deficit.

- Continuation of monopoly positions, except in the private sector instead.



## LABOR DISSIDENTS CRITICIZE LANGE POLICIES

### 'Broad Left' Formed

Wellington THE EVENING POST in English 23 Feb 87 p 2

[Text]

Labour Party members who met at the weekend to discuss an alternative economic policy for the Government were committed to re-electing a Labour government, the Sydenham MP Jim Anderton said yesterday.

Mr Anderton, who helped organise the Economic Policy Network meeting in Wellington, said he saw it as "healthy" that issues could be debated.

"It shows that the party is tolerant of alternative ideas and prepared to accept such ideas on merit."

Mr Anderton said some Labour Party members had said last year that they wanted to be better informed about Labour's economic policy.

More information was needed on the likely "social and economic im-

pact of the current direction" and possible policy alternatives, he said.

He said delegates at the weekend were concerned at the present wide gaps between sectors of society.

The meeting was addressed by PSA economist and Labour Party member Mr Peter Harris.

Mr Anderton said suggestions from Mr Harris included a change in taxation policy that would see tax on capital gains, wealth and financial transfers.

The Government would be in the centre of the economy, making sure there was "predictability and stability," Mr Anderton said.

He said new price and income policies would avoid the widening gaps between sectors of society.

A commitment to regional development was part of Mr Harris's proposal.

Mr Anderton said delegates received the suggestions "very well."

"They equate more with many of the objectives of the Labour Party, such as the right to work and to have a constructive form of employment," Mr Anderton said.

Many Network members said the Network was what was keeping them in the party, and many new members were being attracted because of it, Mr Anderton said.

The initiative for the Network meeting came from the conference of the "broad Left" held in September, before the Labour Party's annual conference.

From that meeting, 300 delegates joined the network, Mr Anderton said.

The 75 members who attended at the weekend all came from that group. — NZPA

### Lange Reaction

Wellington THE EVENING POST in English 24 Feb 87 p 2

[Text]

Prime Minister David Lange yesterday likened a Labour Left group to "economic neanderthals," saying its members' views bore an extraordinary similarity to "Muldoonism."

The Economic Policy Network, which met at the weekend, sprang from the "Broad Left" grouping

of Labour Party members dissatisfied with the Government's economic direction.

Steering committee chairman Mr Peter Cullen and backbench Sydenham MP Jim Anderton said the meeting had endorsed a call for a more controlled economy, while renouncing free-market policies.

Asked about the meeting yesterday, Mr Lange noted that the gathering attracted about 75 people and had seen Mr Cullen in the role of the American economist J K Galbraith and "someone else in the role of Kennedy" — an apparent reference to Mr Anderton.

"I formed the view that they were better to be occupied together for a weekend in one place rather than anywhere else," Mr Lange told a post-Cabinet press conference.

Mr Lange said it was possible to have an "absolutely-insulated,

fortress-like" New Zealand economy.

But to get the network's scheme into gear, "you'd need to go back to the days of the British Empire. You'd have to dismantle the Common Market, and it would require certain major economic intervention."

"There is an extraordinary empathy between their views and Muldoonism. It is extraordinary. They believe they can manage the exchange rate. They believe they control economic activity.

"What they are actually saying

to people is 'that we need to make a lot of people a lot poorer so that some people can be uplifted'.

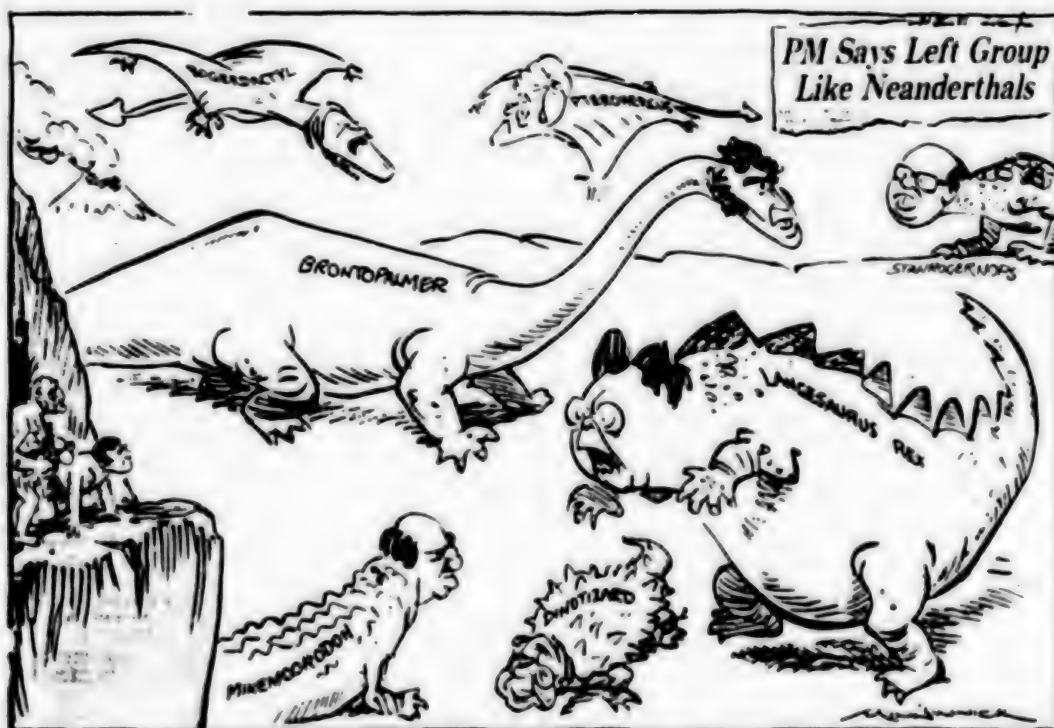
"That of course was the Muldoon strategy, but he never actually talked about making some people less well off."

When discussing the Higher Salaries Commission earlier, Mr Lange said a pay freeze was the type of approach which would appeal to "economic neanderthals and political retrospectives" such as the Economic Policy Network and the "Tamaki brigade" in the National Party Caucus." — NZPA

### HERALD Lampoons Lange Reaction

Auckland THE NEW ZEALAND HERALD in English 26 Feb 87 p 6

[Cartoon]



THE ROGERNOMIC AGE

/9274

CS0: 4200/385



EDITORIAL SAYS ECONOMIC RECOVERY PLAN 'FALLING APART'

Wellington THE EVENING POST in English 23 Feb 87 p 6

[Editorial: "Present Pain vs Promised Goals"]

[Text]

IMPROVEMENT IN THE economy sufficient to impress voters seems more out of reach with every announcement of performance and outlook indicators.

At least that is the way the Opposition, hindsight economists and various Labour Party and fringe opponents of restructuring see it. Many ordinary people are likely to agree. Their viewpoint is shaped by the growing cost of living, dearer loans, unemployment, and a sense of unease.

Professional analysts see reduction of inflation to the level of our trading partners to be a long way off. They see little or no progress in reducing the Budget deficit, and small scope for significant cuts in Government expenditure.

One firm's client newsletter, for instance, concedes some progress by the Government but says what is required is not a continuation of Rogernomics, as it has been, but an overhaul of monetary and fiscal policy to re-establish the policy's credibility.

The Minister of Finance, Mr Roger Douglas, refuses to accept that

the Government's economic recovery strategy is falling apart. Instead, broadly speaking, the Government is on target, he says.

With so many critics baying and the indicators perversely refusing to respond to an election timetable, how can the Minister say that and be believed?

The important thing to realise is that Mr Douglas and his critics and the mass of undecided but nervous observers are talking about two different things.

Mr Douglas has consistently spoken about the medium and long-term goals. So many other people are reading the unpromising signs from the immediate past and about the immediate future.

The Minister is reluctant to pinpoint when the benefits of his policies will materialise but in a recent interview says the Government has put in place a lot of policies that are going to bring benefits over the next four to five years, with more policies still to come.

Whether the majority of voters are prepared to accept the pain of today for the promise of a better

time in 1991 is difficult to say.

New Zealand entered the 1980s with an economy in need of thorough change and improvement. The problems are deep-seated and cannot be remedied overnight. External forces beyond the control of any New Zealand government also influence our economic well-being. Mr Douglas can rightly stress these things in his explanations, but will that sway people who are worried about jobs, prices, mortgage interest rates and what the experts are saying about the economy?

People concerned about the immediate hardships being experienced have to look beyond the criticism of what is happening and ask what, if any, viable options are available. They also have to ask if the present policies intended to take another four or five years to work have been given a fair trial and enough time.

It is a gamble for those who vote for the experiment to continue and it is a gamble for the Government that sufficient voters will accept present pain for a promise of a better future.

/9274

CSO: 4200/385

# AGRICULTURE MINISTER EXPLAINS STANCE ON IRAN LAMB SUBSIDIES

Wellington THE EVENING POST in English 25 Feb 87 p 5

[Text]

Withdrawal of the Government's guarantee for the Iran lamb trade could have led to meat companies dropping prices to farmers up to \$4.50 a lamb, Parliament was told yesterday.

This was the advice of the Meat Marketing Corporation, Agriculture Minister Colin Moyle said.

He was explaining the Government's decision to reinstate a guarantee for the 1987-88 contract after it earlier told meat companies they would have to arrange their own finance.

The guarantee would allow meat exporting companies to pay farmers for lambs at the time of slaughter rather than when payment from Iran was received.

Mr Moyle said he understood an oral contract for 1987-88, which had yet to be signed, was for about 90,000 tonnes and was a direct cash deal instead of oil for lamb.

In December, Finance Minister Roger Douglas warned the industry — then handling the transition from meat marketing by the Meat Board — that it had to arrange its own affairs so it could provide finance on a commercial basis without Government guarantee.

While announcing that the Government had been prepared to give guarantees this financial year to allow time for adjustment, Mr Douglas said in December: "It is not the Government's intention to grant any guarantee to cover a 1987-88 Iranian contract."

However, Mr Douglas said on Monday that the Government had agreed "in principle"

to guarantee the 1987-88 contract.

Mr Moyle yesterday said he was advised by the Meat Marketing Corporation in January that if there was no guarantee and there were delays in payment, then meat companies might have to reduce schedule payments up to \$4.50 a lamb.

"The Government's action will now allow the industry to plan and carry out its activities with greater confidence," the Minister said.

Asked in Parliament if the sale would be profitable, Mr Moyle said it would be wrong to suggest the Iran price in recent years had been a good one.

"Far from it — in fact the situation has deteriorated since the Iran-Iraq war from a position where Iran was one of our best-priced areas for lamb to a situation where it is definitely at the tail-end of the market," he said.

"The less we send to that country the better in terms of the losses involved. But I would say the situation this year will be considerably improved."

The contract allowed lamb to be sold at a reasonable price, not "fire sale" prices.

Opposition agriculture spokesman Mr John Falloon (Nat, Pahiatua) asked why Mr Douglas turned down meat company requests for a guarantee before Christmas, then changed his mind.

Mr Moyle said Mr Douglas did not in fact turn down requests. However, it was not the Government's intention to provide a guarantee "in the future."

"In fact, I think everyone wants to see the meat companies stand on their own feet as soon as possible." — NZPA

/9274

CS01 4200/392

## WORKS, DEFENSE MINISTERS TO RETIRE

Wellington THE EVENING POST in English 24 Feb 87 p 1

## [Text]

Pencarrow Labour MP and Works Minister Fraser Colman today announced his retirement at the end of the parliamentary term.

Mr Colman yesterday told the Cabinet and his Pencarrow Labour Electorate committee of the decision. He turned 62 yesterday.

In a press statement today, Mr Colman said that this year he will complete 32 years full time in politics — 20 of them in Parliament as MP for Petone from 1967-78 and since then for Pencarrow.

Before entering Parliament he was Assistant General Secretary of the Labour Party from 1955.

Mr Colman's announcement prompted immediate speculation as to who would fill his safe seat. One name being suggested today was Wellington's deputy mayor Helene Ritchie who has tried unsuccessfully to gain the Ohariu seat and last year missed out on the Island Bay parlia-

mentary nomination.

Mr Colman has served under three prime ministers. In the Kirk government he was Minister of Mines and Immigration and associate Minister of Labour and Works.

In June 1973 he was selected to represent the New Zealand Government on board the naval frigates Otago and Canterbury which sailed into the Mururoa Atoll nuclear test zone in the Pacific — drawing world attention to the French Government's continued nuclear testing in the atmosphere.

Under Bill Rowling his portfolios were Immigration, Mines and Postmaster General. In the present administration he has presided over the Ministry of Works and Development at a time when the ministry's future has become uncertain with its loss of sole privileges to do work for government agencies.

He is also Associate Minister of Energy and Minister in charge of the Earthquake and War Damages Commission.

He was appointed to the Privy Council last year.

Mr Colman, who is seen as a very hard working local MP, today said he had wonderful support and co-opera-

tion from local government, community, welfare and recreational interests.

"The decision to leave active politics was not easy to make, especially at a time when the Government is in the midst of making major changes to the economy — changes that were long overdue and which, when fully implemented, will greatly enhance the standard and quality of life of our people," Mr Colman said.

Today's announcement by Mr Colman indicates a change of mind on his part. He told the Post twice last year, when approached about his possible retirement, that he did not intend to do so.

In fact, he said in April his nomination for the Pencarrow seat had gone through and that that should "clear up any doubt."

Mr Colman, when asked to say why he had changed his mind, said that when nominations had been called for earlier "it was too early for me to make up my mind. I'm 62 yesterday. do I still want to be here when I'm approaching 66? I've had a very full and active time in politics."

Defence Minister Frank O'Flynn is also retiring at the end of the parliamentary term.

/9274  
CSO: 4200/392

# FOL TO REVIEW SUPPORT FOR LABOR PARTY, CITES UNEMPLOYMENT

Auckland THE NEW ZEALAND HERALD in English 21 Feb 87 p 5

[Text]

**NZPA Wellington**

The latest unemployment figures completely justified the Federation of Labour decision to review support for the Labour Party at the next election, the federation secretary, Mr Ken Douglas, said yesterday.

Promises were not being reflected in economic performance.

"The huge wealth generated from the obvious manipulation of interest rates, paper shuffling and property and foreign exchange speculation are creating even greater instability," Mr Douglas said.

This instability was showing up in the unemployment figures, which would go even higher in the next six months.

"Certainly it is true that restructuring, mergers, takeovers, layoffs and price increases are occurring be-

cause of monopoly activity, but the problem arises from the Government's refusal to act, to protect jobs and living standards.

## No Gimmick

"The Minister of Labour, Stan Rodger, is wrong if he thinks the FOL initiative is a publicity gimmick."

Mr Rodger earlier this week accused the federation of embarking on a propaganda exercise using the news media, rather than using more formal channels.

But Mr Douglas said the Government's support, sought by the FOL council, for the federation's four policy points was the basis for winning the workers' support for the re-election of the Government.

The federation wants a commitment from the Government that it will adopt policies which will:

- Provide more jobs and industry development.
- Maintain workers' living standards and protects workers' rights.
- Provide balanced

economic development between urban and rural regions.

● Stand by Labour's anti-nuclear policies and support world-wide disarmament issues.

"We expected a serious response from the Government to the real impact on people in every part of New Zealand, as a consequence of the continuation of free-market policies of the Government and the activity of big business," Mr Douglas said.

"It is time the Government took stock of the real situation.

## Action

"Just saying 'It will get better' will not give us jobs or protect living standards.

"Mr Rodger can think again if he believes our statement is a propaganda exercise."

There was a crisis in manufacturing and the crisis of rural employment was now flowing into the cities. "We expect action, not more fine words."

/9274

CSO: 4200/392

## MULDOON SAYS LABOR LOSING EDGE; ANALYZES COMING ELECTIONS

Wellington THE EVENING POST in English 25 Feb 87 p 56

[Text]

The public had the impression the Labour Party had more ability to govern the country than National, Sir Robert Muldoon told the Hutt Valley Chamber of Commerce this morning.

Sir Robert said that while he thought the impression was wrong, the National Party for some reason had not impressed on the people that it was ready to take on the country.

Sir Robert said until recently people had had the impression Labour was able to govern, but this had been shattered by the events of the last month. He said the Maori loan affair, while it was not important in itself, had not been handled well and had affected the Government's standing.

Sir Robert gave chamber members his scenario of the coming election. He predicted National would win the two new seats created, win back six seats, and would win at least three seats which he called marginal, to give it the 49 seats which it needed to become the Government.

Sir Robert said the boundary changes tended to strengthen the Labour marginal seats with the exception of Kapiti which was now marginal.

National had been weakened in Rangiora and Manawatu by boundary changes but he thought the party would still hold these seats. He also

predicted that National would hold Timaru.

Sir Robert predicted National would win the two new seats of Hobson and Franklin. He said he believed National would win Pakuranga from the New Zealand Democratic Party and from Labour, East Cape, Hawke's Bay, Wairarapa (where he predicted a substantial majority to National), Horowhenua and Waitaki.

This would give National 46 seats out of 49 needed to become the Government.

Sir Robert named eight seats which he said would be marginal - Glenfield, which, he said, with middle-income people and young families was a classic marginal seat; East Coast Bays, which would be very close with the Democrats; Eden; the two Hamilton seats; Gisborne; Ohariu and Tasman.

### Polls slanted

He predicted there would be nine seats just less than marginal - West Auckland, Papatoetoe, Tongariro, Hastings, Wellington Central, Miramar, Yaldhurst, Wanganui and Kapiti.

Sir Robert said in every election there was at least one odd seat that could go either way.

He said the polls were not an accurate representation of what was

happening because they were city-slanted and this time there was a greater economic division between the cities and the provincial and rural areas.

Sir Robert said unemployment was a key issue. He said inflation had risen quarter by quarter last year.

He said unemployment would be worse at the time of the election. Other issues were interest rates, housing, horticulture-agriculture, law and order, morality, national superannuation, education with the external examination changes, and immigration.

Sir Robert said law and order was at the top of people's list with gangs terrorising towns in the middle area of the North Island and police not being able to cope.

The Anztec nuclear issue tended to favour Labour with people seeing Labour as anti-nuclear and National as pro-nuclear.

Sir Robert said no matter who led the National Party, the Prime Minister would pick up points because of his ability to project himself on television.

He said the third party vote was down this time and appeared to be going to Labour.

New Zealand's overseas debt was appalling and had it virtually in the position of the third world countries, Sir Robert said.



QUEENSLAND PREMIER'S NATIONAL BID POSES WELLINGTON CONCERN

Auckland THE NEW ZEALAND HERALD in English 26 Feb 87 p 6

[Editorial: "Don't You Worry About That"]

[Text]

Strange things are happening across the Tasman Sea. The outrageous 76-year-old Queensland Premier, Sir Joh Bjelke-Petersen, after a lifetime in state politics now yearns to be the next Prime Minister of Australia and, after some early sniggers, few people are laughing any more.

Sir Joh has one stated policy, a flat 25 per cent income-tax rate, and is pushing for National Party MPs to walk out of the federal Opposition coalition.

Sir Joh initiated a similar coalition breakup in Queensland in 1983. The electorate responded by making his National

Party the sole governing party — a move confirmed again last November. Whether such a brand of gaudy populism will be as effective beyond gerrymandered Queensland will be tested in a Northern Territory election next month where Sir Joh has been campaigning for the National Party.

It may be difficult to imagine Australian politics being at such low ebb as to serve Sir Joh's rather antic ambitions. But if he succeeds such would be the implications for this country, for which he currently expresses little goodwill, that any disbelief at current events in Australia should, for the time being, remain muted.

/9274

CSO: 4200/392

WELLINGTON TRAVEL COSTS REFLECT 'UNFLATTERING IMAGE'

Auckland THE NEW ZEALAND HERALD in English 25 Feb 87 p 6

[Editorial: "Off on the Road to Morocco?"]

[Text]

"The equivalent of a bargain basement for international travellers" is how a Wellington report describes New Zealand. It is an unflattering image, redolent of factory seconds and odd lots piled in trays at marked-down prices. On the figures given, it appears to be just a little exaggerated.

A magazine called *Business Traveller* has found that the average daily cost in New Zealand for a travelling executive would be, in American money, \$143 a day. True, that is less than the costs for Japan (\$277), Syria (\$266), Iraq (\$249), Iran (\$224), the Soviet Union (\$221), the United States (\$207) and

Britain (\$184). But at least New Zealand is not way down in the lower basement with Ireland (\$96), Morocco (\$87) and Nigeria (\$46).

Such prices are also, no doubt, a rough index of tourist costs. The New Zealand tourist industry may find some satisfaction in our modest placing, as it should attract trade. But the picture offers little joy for New Zealanders wishing to go overseas, unless they want offbeat, exotic holidays in Morocco, Venezuela or Nigeria. Better, perhaps, to take an offbeat overseas holiday in the exotic South Island. It certainly beats the risks and costs of Syria, Iran and Iraq.

/9274

CSO: 4200/392

## MITSUBISHI BUYS LOCAL CAR MANUFACTURER

Wellington THE EVENING POST in English 19 Feb 87 p 1

[Text] Mitsubishi Motors Corporation today bought out Todd Motors, New Zealand's last major independent car manufacturer.

Todd's managing director, Mr John Todd, said that an agreement had been signed under which Mitsubishi would assume control of the company from May 1.

The company was sold for an undisclosed sum.

Mr Todd said the decision to sell the 88-year-old business had been brought about by rapid changes in the international automotive industry.

Mitsubishi had made it clear they intended to continue operating the Porirua assembly plant and consolidating and improving Mitsubishi's market share in New Zealand.

### New board

Mr Masanao Ueda, managing director of Mitsubishi's international business office, said at a press conference in Porirua today that a new board of directors would be established.

"Mr John Todd has agreed to serve as an outside director on that board. Other directors will be named in due course," Mr Ueda said.

"Only a minimal number of Japanese executives will be sent here to support the company's new managing director," he said.

This would be Mr Denford McDonald.

Mr Ueda said Mitsubishi's association with Todds began in 1970 and it had been an extremely happy relationship.

Todd Motors had brought the

Mitsubishi franchise to top position in the marketplace and had maintained a position of leadership for the past 10 years.

"We have great faith in the company and its dealers. Our investment is a statement of our faith in the New Zealand economy," he said.

Todd Motors had considerable strength and dynamism.

"We do not intend to make any major changes to its operation, although new policies will inevitably evolve over time to suit the conditions of the market," Mr Ueda said.

### Worldwide

Mr Todd said while it was disappointing for the Todd family to sever its connections with the motor industry, the purchase by Mitsubishi was an expression of confidence in the company's staff and its dealer network.

"With their worldwide marketing activities and interest in automotive industries in many countries, Mitsubishi Motors are extremely well placed to meet the requirements of the New Zealand market for high quality vehicles at reasonable prices," Mr Todd said.

He said the possibility of Mitsubishi acquiring a portion of the company's equity had been considered, with rights to acquire the balance in the future.

"But we believe it was in the best interests of the future of the company and Mitsubishi that the acquisition be completed in one transaction," said Mr Todd.

He said the sale would have no immediate effect for staff.

There would be no changes immediately but, in the longer-term future, things would "evolve."

Mr Todd said three Japanese executives might come to New Zealand but they would not displace anyone.

And Mr Todd did not believe the takeover would have much effect on car prices in New Zealand. He said he could not see it would mean "very much at all" although prices might be held.

Mr Todd said he could not see Mitsubishi entering any price wars. This had not been their approach anywhere in the world.

"This move in itself does not pre-empt any price changes," he said.

### Close Co-operation

Mr Todd said any relationship between Mitsubishi Australia and its operation in New Zealand would depend on what emerged between the governments of the two countries in their closer economic relation talks.

The move did, however, offer the opportunity for close co-operation with Australia.

Asked whether Todds was selling because the company was not prepared to continue making the large investment required, Mr Todd said it had made continual large invest-

ments over the years and he did not see that a huge investment was required for the immediate future.

He said the company had never been timid about making investments in the past.

He said the Todd plant, the largest in New Zealand today, was very efficient and was restrained only by reasons of its size of market.

It was a modern plant which did not call for a large investment in the immediate future, he said.

Mr Todd said the company had not had face-to-face discussions with the two unions involved, the coachworkers and the engineers.

He said, however, that he did not anticipate any problems.

"It's business as usual."

Mr Todd said Mitsubishi had a good reputation as an employer and a high reputation in Australia.

### Other interests

Asked what Todds was going to do with the money from the sale he said it had many other interests and would continue to expand them.

Mr Todd said Mitsubishi had been a number one Japanese trade mark in New Zealand in recent years and was number two last year. He described it as large middle ranking manufacturer on the world scene.

Todd Motors employees at Porirua were officially told about the sale of the company to Mitsubishi this morning.

Afterwards, one man said while the deal sounded OK on the surface he was concerned that within two to three months an announcement might be made about redundancies.

But several other staff members spoken to by the Post had no such fears. A woman said she felt the company would thrive as part of an international team.

Another thought employment opportunities might be enhanced.

They said they had been aware of the possibility of such a sale for some time and it came as no surprise.

Mr Ueda said today no major changes would be made to the operations of Todd Motors.

Mitsubishi would continue to operate the Porirua plant and expected to improve its market share with boosted sales, he said.

Porirua Mayor John Burke said he was pleased with reassurances that the car plant was not to be wound down but a little sad to see the Todd company, which had been operating in Porirua for the past 12 years, leaving the scene.

Mr Burke said, however, that Mitsubishi had a very good international reputation in the production of vehicles and other products.

Mr Burke said his main interest was in employment opportunities within his city and he had been told in lengthy discussions with Mr Todd and the Mitsubishi executives that there would essentially be few changes.

BROKER REPORTS HONG KONG INVESTORS' INTEREST

Wellington THE EVENING POST in English 21 Feb 87 p 12

[Text]

HONG KONG, Feb 19.  
— Chinese investors in Hong Kong have a strong desire to invest outside the colony before 1997, according to Paine Belcher managing director David Belcher.

The head of the Auckland sharebroking and investment banking firm said Chinese investors had a lot of faith in Hong Kong's post-1997 future. "But they're being pragmatic and spreading the risk," Mr Belcher told NZPA. He was in Hong Kong this week to address a seminar on investment in New Zealand. It was attended by about 300 people.

Mr Belcher said his company's business with Hong Kong had trebled during the past 12 months. "I believe the business out of New Zealand will be up three or four times in 1987."

There is a strong desire with a lot of people in Hong Kong to place their funds in other countries with 1997 approaching. "A lot of them are already fully invested in the United States and the United Kingdom. New Zealand and Australia provide the logical alternative markets," Mr Belcher said.

Under the Sino-British Joint Declaration, China is to resume exercise of sovereignty over Hong Kong on July 1, 1997.

/9274  
CSO: 4200/392



ENRILE SAYS AMNESTY OFFER TO REBELS BADLY TIMED

HK031507 Quezon City BUSINESS DAY in English 3 Mar 87 p 19

[By Reporter Tara S. Singh]

[Text] Former Defense Minister Juan Ponce Enrile, a reluctant senatorial candidate of the opposition, told the Kapihan sa Maynila [Manila coffee shop] yesterday that the amnesty offered to rebels by President Corazon C. Aquino is an "acceptable approach" but its timing is "bad."

Enrile said he doubted if rebels--communists and Muslims--would avail themselves of the general amnesty.

Talking from his personal experience, Enrile said communist ideologues won't come down from the mountains on a mere promise of personal comfort and economic benefits. "They have their own vision of what society should be," he said.

Enrile said if rebels would reject the government's offer of amnesty, it would cause "great embarrassment" for President Aquino and the military. The timing of the amnesty is not appropriate because existing conditions and realities may render it unacceptable to rebels, Enrile said.

Still, Enrile said the Aquino government should welcome rebels who are sincere in seeking peace and who may want to avail themselves of the amnesty and the rehabilitation program. Enrile asked President Aquino to take active control of the military by reuniting various factions within the armed forces and by "embracing all its elements in a true spirit of reconciliation."

If Mrs Aquino can do this, Enrile said, she will achieve not only "legal control but real control of the military." He added that if the president could heal the wounds then she would translate her legal control into a real one.

Asked about his future, Enrile said, "I would leave it to the future historians to pass judgment on my actuations under the Marcos regime as well as under the Aquino administration."

In a related development, the Kilusang Bagong Lipunan (KBL) branded the amnesty proclamation of President Aquino as a "political gimmick which betrays her administration's cavalier attitude towards the insurgency problem." "President Aquino's amnesty proclamation is also fraught with serious and dangerous implications," the KBL added. "The already restive military perceives the presidential move as a tactical sell-out and may further endanger resentment and rancor among the men in uniform," it said.

Former Rizal Governor Isidro Rodriguez, a KBL senatorial aspirant, said the Aquino amnesty proclamation is a serious betrayal of the nation's best interests."

/12858

CSO: 4200/373

## PHILIPPINES

### AQUINO ACCUSED OF 'IMPEACHABLE OFFENSE'

HK021413 Quezon City BUSINESS DAY in English 2 Mar 87 p 28

[Text] Political opposition leader former Senator Arturo M. Tolentino accused President Corazon C. Aquino of committing an "impeachable offense" by allowing her Cabinet secretaries to hold concurrent offices in violation of the new Constitution.

Tolentino, a leading nominee for the opposition senate ticket, said Mrs Aquino should immediately remove Cabinet secretaries from offices which have no relation to their departments.

Earlier, President Aquino issued an administrative order authorizing government officials to keep their other positions so as not to disrupt government operations. "Nobody, not even President Aquino, can postpone the effectivity of the provisions of the new Constitution," Tolentino stressed.

Section 13 Article 7 of the new charter provides "the President, Vice-president, the members of the Cabinet and their deputies or assistants shall not, unless otherwise provided in this Constitution, hold any other office or employment during their tenure. They shall not, during said tenure, directly or indirectly practice any other profession, participate in any business, or be financially interested in any contract with, or in any franchise, or special privilege granted by the government or any subdivision, agency, or instrumentalities thereof, including government-owned or -controlled corporations or their subsidiaries. They shall strictly avoid conflict of interest in the conduct of their office."

Speaking before the national caucus of the Kilusang Bagong Lipunan over the weekend, Tolentino said the first step for the opposition to recover political power is to win in the coming May 11 congressional election.

He cited that the country's economy has deteriorated instead of moving forward. Crisis continue [as published] to increase, unemployment is widening and other foreign indebtedness is ballooning. He said the present \$26-billion foreign debt will increase to more than \$35 billion or 30 percent by 1992.

As [of] this date, contrary to Mrs Aquino's promises, the foreign debt has not been restructured because of internal bickering among her Cabinet secretaries. Foreign investment has not come in, but instead has left the country.

On land reform, Tolentino said, Mrs Aquino has "fostered a sham land reform by not including her family owned Hacienda Luisita in the program. This is one of Aquino's broken promises."

Graft and corruption has not been reduced. In fact "the Aquino government is, at this early stage, ridden with scandalous graft and corruption unparalleled by any other administration," Tolentino said.

/12858

CSO: 4200/373

VERITAS SAYS AQUINO TICKET LACKS POLITICAL COHERENCE

HK050729 Quezon City VERITAS in English No 14, 26 Feb-4 Mar 87 p 8

[Editorial: "We Are In Deep Trouble"]

[Text] With the constitutional plebiscite behind us, the public mood has risen to a crest of high expectation. People are waiting for some dramatic move on the part of the Cory government to indicate some kind of breakthrough from the paralyzing bureaucratic inaction and economic stagnation.

As we write this on the event of the 25 February celebration, we are struck by the almost fevered anticipation for good things, perhaps even great things, to be wrought by a government finally convinced of the need for fundamental social and economic reform and fully mandated by the people to undertake them.

For the first year in office, the new government did manage to survive, relying on the president's good instincts, her feel for the public pulse, even her faith in divine intervention. But now she is called to the rather mundane task of making government run so it can deliver goods and services; so it can realize, through development plans and programs, the promises for peace, justice and progress.

She needs to rouse the government bureaucracy from its seeming lethargy so it can set urgent programs into action.

With the drafting of a number of government officials into the electoral slate, the administration enters into another period of reorganization. There is all the more reason to place a greater premium now on method and management to at least match the preponderance of instinct and inspiration.

People eagerly awaited the government's slate of candidates for the senate because the selection might indicate the president's plan for the future. The hope was for a team that shared her ideals and would work together for her programs in congress.

While the ticket has many good men, the coalition strikes us now as lacking in political coherence. There is a broad sectoral and regional representation;



but that is no assurance of the party's commitment to a platform of genuine and decisive reform.

This has raised questions about the clarity of the Aquino government's vision for the nation and about its ability to transform this vision into reality.

If the ruling political coalition is not seen to hold a collective vision, then we are thrown back to square one. And the ball is once again in the presidential court.

We are in deep trouble if President Aquino wavers and shirks the prerogatives of her office to use the powers and the influence she holds for the good of the people. The people have given her much, and this time, they will see the failure as an abdication of her personal and presidential responsibility.

/12858

CSO: 4200/373

## CEBU POLITICAL LEADERS CONFIDENT IN AQUINO

Quezon City ANG PAHAYAGANG MALAYA in English 9 Feb 87 p 7

[Text]

CEBU CITY — Political leaders here expressed optimism with the overwhelming support of the people, President Aquino can hold the country together in the face of any future crisis.

During the "Kapihan sa Cebu," a weekly forum of the Frequency Club Inc. at Hotel de Mercedes here, Ribomapi Holganza, Partido Demokratiko Pilipino (PDP)-Lakas ng Bayan (Laban) national vice president, said the results of the recently concluded Feb. 2 plebiscite, gave President Aquino the necessary push to initiate reforms.

With the backing of a big majority of the Filipino people as shown in the plebiscite results, Holganza said President Aquino, more than ever, has found the strength to overcome all the obstacles that are slowing down the country's economic progress.

Dr. Potentiano Lardizabal Jr., chairman of the United National Democratic Organization (Unido) Cebu City directorate, also said the result of the plebiscite has definitely improved that country's chance to survive the political and economic crises.

More efforts should be exerted to reach reconciliation now that

the President has secured the mandate of the Filipino people, he said.

He also batted for the strict observance of national discipline with the President and her Cabinet setting the example.

Former Assemblyman Adelino Sitoy said he has strong faith that President Aquino would provide the needed impetus to put the country back to shape after years of political and economic difficulties.

Msg. Achilles Dakay, an assistant of Ricardo Cardinal Vidal, Archbishop of Cebu, warned against asking to seek an explanation why many soldiers voted "no" in the plebiscite.

He said "the people have already spoken and this should be left at that. (PNA)"

Meanwhile, former Sen. Alejandro D. Almendras yesterday urged all sectors of the nation, including the political opposition as well as the leftists and rightists, to close ranks to secure peace and achieve socio-economic progress.

"Now that the Constitution has been ratified, it is time for all of us to roll up our sleeves and join hands in resolutely tackling the many serious problems con-

fronting our country and people," Almendras said.

The former senator, who campaigned for a "yes" vote in Davao where pro-Charter votes got 81 per cent urged the government to give priority to the problems of national socio-economic recovery, the communist and Moro insurgencies, and the growing agrarian unrest.

"The overwhelming 'yes' vote, which is also an endorsement of the present administration, provides a strong mandate to the wielding of presidential powers to solve the nation's problems while Congress has not yet been elected and in session," Almendras said.

For instance, he explained, the President could use her decree-making power under the Freedom Constitution to institute a comprehensive agrarian reform program that would solve the centuries-old problem of the tillers' bondage to the soil.

At the same time, Almendras urged the Aquino administration to conduct regular dialog with the people or their representatives to get their suggestions on how the nation's problems could be solved.

/9274

CSO: 4200/384

CHARTER RATIFICATION DOES NOT ABOLISH AUTONOMOUS REGIONS

Manila MANILA BULLETIN in English 8 Feb 87 pp 1, 17

[Text]

**COTABATO CITY —** The ratification of the new constitution does not automatically abolish the two regional autonomous governments in Mindanao.

This was disclosed by acting Chairman Zaccaria A. Candao of the Central Mindanao regional executive council (Lupong Tagapagpaganap ng Pook) as he allayed the fears of local Muslim and Christian inhabitants on the reported scrapping of the 10-year-old autonomous governments of Central and Western Mindanao.

Candao said that the two autonomous governments created by Presidential Decree No. 1618 will remain operational until the new Congress, whose members will be elected in May, passes a

new law on the autonomous government as provided for in the new charter.

Candao, concurrent acting governor of Maguindanao, said the new law which will spell out the provisions on autonomy will later be submitted to the people in a special plebiscite.

The plebiscite, he said, will give the inhabitants of Muslim Mindanao the option to join the autonomous regions or not.

According to Candao, the autonomous government as envisioned by the new constitution will be an improvement on the present set-up.

The new government, Candao said, will be more relevant and more responsive to the present and future needs and problems of Muslim and Christian residents in the area.

Meanwhile, Candao declared that the overwhelming victory of the "yes" votes during the Feb. 2 plebiscite in the two autonomous regions indicated the local inhabitants' trust and confidence in Mrs. Aquino's government.

Candao said the people have high hopes that the present administration will exert efforts to hasten the socio-economic growth and development of southern Philippines. (Tony Pa. Rimando)

/9274

CSO: 4200/384

PLEBISCITE INTERPRETED AS RURAL REJECTION OF REVOLUTION

Manila MANILA BULLETIN in English 6 Feb 87 p 6

[Editorial: "A Second Look at Rebellion"]

[Text]

**T**HE vote on the Constitution points up the growing irrelevancy of the communist rebellion to the people in the countryside. It is clear that the same people who gave shelter and comfort to the rebels in the recent past are the ones who voted in favor of the Constitution.

While it does not necessarily mean that poor country folk studied the provisions as law students did, they did identify the draft with their President, who had impressed them as a leader seeking a reconciliation with the rebels.

To the innocent people in the rural areas who are oftentimes caught in the crossfire, a conciliatory condition, such as a ceasefire, makes a great difference because for once it vir-

tually brings peace after many years of strife. A truce easily becomes a habit of mind on the part of the non-combatant who, therefore, will come to look at the fighting as irrelevant, more so because the government is attending to the problems addressed by the rebellion.

If because of the attention paid by the government to the pressing social problems the perception at the grass roots is that the rebellion has become irrelevant, the net effect is that the rebellion has lost the support of the rural population. That is why the leaders of the rebellion should come back and negotiate with the government.

Nothing will be lost by resuming the negotiations.

**DANAO PLEBISCITE 'YES' DEFIES DURANO MACHINE**

Cebu City SUN STAR DAILY in English 4 Feb 87 p 5

[Editorial: "The Phenomenon in Danao"]

[Text]

The incomplete plebiscite returns from Danao city shows "Yes" with a comfortable lead. That is a phenomenon, considering that the city is Durano territory where political enemies of the family used to be slaughtered with an avalanche of tightly controlled votes.

Already, the former mayor, a member of the Durano family, is crying foul, hurling such complaints as electioneering by Namfrel volunteers and votebuying - ironically, similar charges we used to hear from the now ruling party which was the opposition then.

Those accusations should be looked into, if only for keeping the extraordinary event of last Monday a cause for unadulterated jubilation, untarnished by any offense against the election law.

In the meantime, let's ponder these: One, Some 26,000 voters, or roughly 25 per cent of the previously registered voting population, were

banished from the voters' list of Danao city - the biggest group casualty in Cebu in the hunt for fake and ghost voters under the new registration last December. Two, Even if the final plebiscite returns will swing to a "No" win in Danao, the fact that the margin will be small is by itself a radical departure from past recorded feats.

One will easily recall the political contests of previous years wherein scores were so lopsided they could be described by the Supreme Court as statistically improbable, and experienced by their victims as sources of deep anguish.

Surely, fresh winds are blowing in Danao city. They are welcome to all those who wish to see a freer and more mature exercise of the election process not only in that city, but everywhere else in this country where democracy is supposed to work.



FINANCE SECRETARY ON LAND REFORM PROGRAM

HK021411 Quezon City BUSINESS DAY in English 2 Mar 87 p 2

[Text] Proceeds from the sale of non-performing assets and sequestered assets proven to have been ill-gotten will be used in the government's P36-billion accelerated and expanded land reform program, Finance Secretary Jaime V. Ongpin said over the weekend.

A 'conservative estimate' of P1 billion will come from the sale of sequestered assets while P4 billion to P5 billion will come from sales of assets by the Asset Privatization Trust (APT), Ongpin said.

"The present budget does not include provisions for expanding and accelerating the land reform program and has to be revised as soon as possible," he said.

He also said that if the adjustments come after the Congress convenes, the land reform program could be unduly delayed, which "we can't afford at this point in time."

Ongpin said that while a more "pluralistic Congress" would soon be created, "it would not be as efficient as a two-party Congress." More views could be ventilated in the discussion of the land reform, he added, but the process would "slow down a bit (such) that it could take months before the comprehensive land reform program could be passed."

During the meeting of the World Bank-led Consultative Group of foreign creditors in Paris last month, Philippine officials led by Ongpin proposed that donor countries put up a \$500-million fund for the accelerated land reform program. A meeting of a smaller group of official creditors is expected to be held in Tokyo next month to discuss the Philippine's request.

Ongpin had said earlier that the expanded land reform program cannot be effectively accelerated without the foreign funding and that government may have to impose new tax measures to fill in the shortfall in financing. He emphasized, however, that the government would push through with the program even without foreign funding and despite present budgetary constraints.

Under the revised land reform program, beneficiary farmer-landowners will be provided with crop financing, farming inputs and extension services to boost the productivity of the land.

Ongpin has estimated that of the P36-million program cost, P16 million is for crop financing and extension services.

About 557,000 hectares of rice and corn lands under Phase A of the revised program and 936,000 hectares of abandoned, foreclosed or sequestered lands under Phase B will be disposed of after three years, according to the plan.

After Phases A and B, the government will direct its attention to some 3.5 million hectares of landed estates and other lands not covered by the first two phases.

A fourth phase of the program will cover public lands and public resources.

/12858

CSO: 4200/373

## MANILA DAILY VIEWS LAND REFORM PROGRAM

Manila MANILA BULLETIN in English 9 Feb 87 p 6

[Editorial: "Land Reform Issue"]

[Text]

**L**AND reform or the distribution of agricultural lands to their tillers is not meant to be confiscatory. The owners of the lands to be given to the farmers are to be paid by the government. Buying merely the lands earmarked for land reform will cost the government many billions of pesos. Since the government does not have enough money for the purpose, it is arranging for a loan abroad. It has been reported that an initial amount of \$500 million is about to be secured. This amount will go to the present owners of rice and corn lands. Aside from the amount needed for the pur-

chases of the lands, more money is needed to help the new owners, the tillers, get started on their own. They will need credit and other inputs.

For land reform the government is setting up a P20 billion fund. The cost of land reform, including repayment of whatever loans will be made by the government in behalf of the tillers, will be shouldered largely by the whole population, rather than by the direct beneficiaries themselves alone. What will be the total benefit to the society of the land reform program?

The program should

not be addressed in isolation. It is only one of many programs of economic development. We wonder if land reform will ultimately solve the problem of unrest in the rural areas if the economy does not generate enough jobs for the unemployed in those places.

Land reform is meant not only to satisfy the natural craving of the farmer to own the land he works but also to alleviate poverty. Land reform alone cannot improve the living conditions of a farmer with five grownup sons working a five-hectare rice land. The sons have to get jobs elsewhere.

LAND REFORM PROGRAM DESCRIBED AS TOKEN

HK041107 Manila THE MANILA CHRONICLE in English 4 Mar 87 pp 1, 3

["Analysis" column by Editor-in-Chief Amando Doronila: "Land Scheme: An Exercise in Tokenism"]

[Text] President Aquino yesterday issued Proclamation No 82 setting out the mode of financing a "comprehensive agrarian reform" program. She decreed that all proceeds from the sale of the so-called "non-performing assets"--i.e. companies foreclosed by the Government and now losing money--would be used to finance the program.

The proclamation was announced by the President at a press conference which was billed as an important event--given that she has had rare meetings with the media in recent months. The outcome, however, was less impressive than what was expected.

It was issued apparently in response to growing public pressure that the Government demonstrate its political will to implement an agrarian reform program. But upon examination of the mode of financing--a serious obstacle to a program with vast social and political implications--it appears that the proclamation may be an exercise in tokenism. The "non-performing assets" now in the hands of the Asset Privatization Trust (APT) number about 100 companies with a book value of about P120 billion. But officials of the APT estimate the recoverable value of these assets at P23 billion.

(These companies, many of which are indebted to Government financing institutions, are being sold partly in consonance with the Government's policy of privatization or getting out of business activity that it believes should be in the hands of the private sector.)

According to some APT officials, it may take at the earliest at least two years to sell a substantial part of the assets. This means that until the assets are disposed of, the agrarian reform program cannot count on any significant financing, unless other options are found.

Three other options are being considered: 1) borrowing loans from international financing institutions, in particular, the World Bank; 2) new taxes on luxury items; and 3) requiring all executive departments to set

aside five percent of their budgets for land reform. (This scheme is estimated to raise about P5 billion a year.)

Finance Secretary Jaime Ongpin is trying to negotiate a \$500 million loan to underwrite the compensation to landowners of 557,000 hectares of rice and corn land not yet covered by the Marcos regime's land reform scheme. This amount is only half of the \$1.25 billion needed to pay the landowners.

The problem with the loan is that interest repayments are likely to increase the debt servicing burden of the country. On its \$27 billion foreign debt, the country is paying about 42 percent of its export earnings for interest. This is seen by the National Economic Development Authority as unacceptable because it prevents the economy from posting growth.

Thus, under the financing scheme proclaimed by President Aquino yesterday, there seems to be no way for an agrarian reform program to take off the ground until the "non-performing assets" are sold. And the truth is that there are very few takers--mainly because most of these assets are not financially viable and competitive.

Many of these assets are properties of Marcos business cronies which were sustained by bureaucratic favoritism and corruption. These businesses were dependent for their survival on concessions and protection by the past regime. When economic conditions became unfavorable, these businesses lost whatever competitive edge they had from cronyism and folded.

The president has ordered the Cabinet Committee on Land Reform to draft a "comprehensive agrarian reform" program and has indicated that if the committee recommended executive initiative, she would not wait for Congress to convene and legislate a land reform package. It is quite certain that if she waited for Congress, she would virtually be abdicating executive initiative to the vested interests in the legislature--interests which, historically, had crippled previous agrarian reform legislation.

Those who expect that the president will offer her family's estate, Hacienda Luisita, as a pilot project to demonstrate her political will face big disappointment. She said yesterday that the attitude of her family was that "nobody is above the law. We will abide by the law" and she would do whatever was recommended to her by the law.

She said that while sugar land would be included in the agrarian reform program, Hacienda Luisita may not be the appropriate pilot project for the program envisaged for the haciendas in Negros Occidental. She said that Hacienda Luisita may or may not be the model, but "I leave it to the experts."

/12858

CSO: 4200/373



IMF TALKS UPDATE ECONOMIC TARGETS

HK021409 Quezon City BUSINESS DAY in English 2 Mar 87 p 2

[Text] The government will continue to pursue an expansionary monetary program for the remainder of the year under a supplementary agreement with the International Monetary Fund, Finance Secretary Jaime V. Ongpin said over the weekend.

The government successfully completed talks with a Fund mission which arrived two weeks ago to conduct its first review of the economy's performance in relation to arrangements with the IMF.

The supplementary agreement, once formally approved by IMF management in Washington, will form part of the country's economic program as contained in a "letter of intent" submitted to the IMF in request of credit.

"I am pleased to announce that the discussions have gone very smoothly," Ongpin said. "We have no serious problems whatsoever. We believe that the report that will be submitted by the mission to the Fund management will be very positive."

Ongpin said the review mission was intended to update economic and financial targets which were set last year. Quarterly targets have now been firmed up for the remainder of the year and for the first quarter of 1988, he said.

Among other targets, the government and the Fund have set a ceiling on "base money" (consisting of currency in circulation plus banks' reserves with the Central Bank and reserve-eligible securities) of P61 billion for end-1987, for a P10-billion increase from the P51-billion ceiling set for the end of last year.

The base money ceiling for the first quarter has been raised to P51.8 billion from P50.8 billion.

The government has also been allowed a slightly larger budget deficit of P20.7 billion for this year, equivalent to 3.1 percent of gross national product or the total output of goods and services, compared to the previous ceiling of P19.8 billion or 2.9 percent of GNP.

Inflation rate for the year on the average is projected at 5 percent and the foreign exchange rate for the year at P20.80 to a dollar.

The balance of payments at year end, after rescheduling debts, is expected to register a surplus of \$1.2 billion or about the same as last year. Before debt rescheduling, a deficit is projected at \$400 million.

Gross international reserves are expected to continue growing this year to reach a level of 3.5 to four months' imports. Latest data show international reserves at the end of February at \$2.5 billion.

On foreign borrowings and public sector borrowing requirements, Ongpin said only slight changes were made in the targets.

Ongpin described the agreement with the IMF mission as "accommodative" and designed to support a growth-oriented strategy. He said the program for the rest of the year will help the country achieve a 6 percent to 7 percent growth target this year.

The Fund mission, which concluded talks with the government last Friday, was headed by Anoop Singh, deputy director of the IMF's Asian Department. It was the first performance review mission since the government agreed on a standby credit program with the IMF last August. The accord was approved by IMF management 24 October.

Approval of the program made available \$508 million in fresh credit from the Fund to help the country shore up its balance-of-payments outlook for 18 months up to April next year.

/12858

CSO: 4200/373

## PHILIPPINES

### POSITION IN FOREIGN DEBT TALKS SAID STRENGTHENED

HK021417 Quezon City BUSINESS DAY in English 2 Mar 87 p 2

[Text] The Philippine negotiating team headed by Finance Secretary Jaime V. Ongpin left yesterday for New York to resume debt restructuring talks with the advisory committee for the country's foreign bank creditors, with its position strengthened by recent developments abroad.

The meeting comes at the heels of successive agreements between the banks with other debtor-countries, including Chile and Venezuela, on substantially concessional terms following the announcement by Brazil to suspend interest payment on its foreign commercial debt.

Ongpin told newsmen Saturday that Brazil's actions, "on balance, has strengthened our negotiating position because, obviously, it has put much more pressure on the banks." "It remains to be seen, however, what the final outcome of Brazil's latest moves will be," Ongpin said. "Banks are now discussing how to respond to it and the governments involved as well are looking for an appropriate response. Until we see what it means it is hard to evaluate the ultimate outcome."

"We have made it very clear to the banks that we are absolutely dead serious about the 5/8 percent (over the London interbank offered rate) rate that we have put on table and we intend to defend it unless they can convince us rationally that we do not merit such a preferential rate," Ongpin said. He said, "We believe all the fundamentals justify our case, plus the fact that we are not asking for a single penny of new money."

He noted that the agreement reached between the banks and Mexico last 1 October has not been signed because Mexico is asking for a large sum of new money. "It is now four months after the fact (the Mexican agreement) and I believe that the resistance is not so much over the 13/16 percent (over Libor) rate as it is to the fact that there is awful lot of new money, \$6 billion upfront, that is required under that package," he said.

Ongpin said the Philippines is not asking for new loans and the economy has gone through a successful adjustment program. "You cannot even begin to compare our fundamentals with Mexico," he said.

Despite the favorable impact of Brazil's action and the easy terms Chile got from its bank creditors, Ongpin said, Philippine negotiations with the banks on Wednesday (Tuesday in New York) will be tough.

"I have learned that when you're dealing with bankers, it is not always healthy to be optimistic; one must be realistic," he said. "We are expecting a very tough time at the table because the banks are under tremendous pressure in terms of their bottom line right now, because their domestic profitability in the United States has eroded very significantly. Many of them therefore are very anxious to try and maintain their profitability from sovereign [as published] loans. That's going to come off our hide and obviously we are going to resist.

However, he added that banks have "become more realistic," citing the case of Chile, which managed to get a delayed-interest payment scheme in place and a rate of 1 percent over Libor, as a clear manifestation "of that improvement in their attitude."

Ongpin said the government has submitted to the banks in advance an alternative proposal "which is designed to avoid an impasse on the pricing." He declined to disclose this alternative but explained that it would "permit the banks to say that they have achieved their pricing target and will likewise permit the Philippines to say exactly the same thing."

BUSINESS DAY last week obtained documents which showed that the Philippines would propose to the banks an alternative of being paid interest with five- to six-year certificates at a higher spread than if they are paid in cash.

These certificates are classified as "zero coupon bonds" which do not carry an interest rate but have a substantial discount on the redemption price. "We will give them a choice of 5/8 percent (over Libor) or the alternative," Ongpin said.

He said the alternative was in general received positively.

/12858  
CSO: 4200/373

MANILA BEGINS PAYMENTS ON INDONESIAN RICE

Manila MANILA BULLETIN in English 7 Feb 87 pp 1, 12

[Text]

The government has started paying Indonesia for rice bought on credit by then President Ferdinand Marcos when the Philippines was hit by an acute rice shortage three years ago.

A report received by Transport and Communications Minister Hernando B. Perez from Crisolito R. Josen, president of the Philippine National Lines (PNL), said the first payment, consisting of 15 metric tons of rice, arrived in Indonesia last week.

The Marcos government contracted in 1984

a loan of 133,000 metric tons of rice with the Indonesian government. Half of the total volume is to be transported back to Indonesia by PNL in behalf of the Filipino Shipowners Association (FSA).

Upon representation made by Josen last year, the Indonesian government agreed that FSA will handle half of the rice payment and the other half by Indonesian vessels.

Guillermo J. Jose Jr., PNL executive vice president and general

manager, said the rice repayment consisted of 35 percent broken grains and 65 percent whole grains.

Initially, the Indonesian government demanded repayment of 15 percent broken grains and 85 percent whole grains, but due to the limited technology of rice milling in the Philippines, it agreed on the present arrangement.

Josen told Perez that Philippine vessels will transport 15,000 metric tons of rice a month until May to complete the total repayment volume.

Meanwhile, Perez, who is also chairman of

the PNL board, announced that the national government and the National Development Corp. received from the PNL P4.9 million in cash dividends from the PNL as stockholders, representing 10 percent equity for 1984-85.

The amount is aside from the P4.8 million which the PNL gave recently to the national government and NDC, representing five percent of the equity net income of the two agencies. The national government poured P39 million and the NDC P10 million as equity for the establishment of the PNL.

/9274

CSO: 4200/384



FORMER PCP MEMBER LECTURES AGAINST AUSTRALIAN AID TO NDF

Darlinghurst REVEILLE in English Jan-Feb 87 p 4

[Article in Australian Veteran's publication: "Jun Alcover"]

[Text]

**Mr Alcover is a former member of the communist Party of the Philippines. He was recruited when a student at high school in 1969.**

By 1972 he was a full-fledged member of the Communist Party of the Philippines (CPP). He became a Cadre in the military wing of the CPP, the New People's Army (NPA) by September, 1972 holding the rank of Commander until his capture in 1976.

He was also concurrently a "Political Officer" for the CPP in charge of "Party Organisation and Front Organisations" such as the "Student Youth League" (KM), "Association of Democratic Youth" (SDK) and the "Union of Democratic Workers" (UDW). His area of responsibility was the Eastern Visayas and was based on the island of Samar. This area includes Samar, Leyte and Cebu.

Following his capture in 1976 he was jailed for six months. This imprisonment allowed him time

to reflect on his 8 years of life in the CPP and in particular his rejection of God to whom he returned. During this time he concluded that communism was not the way to cure the problems of the Philippines.

In 1980 he led some 10 former members of the CPP to form the anti-communist group, "Peoples' Anti-Communism Endeavours", the "Peace Movement", which is based in Cebu City.

In 1983 he began a radio programme that reaches all over the southern part of the Philippines. That programme receives an average of almost 100 letters of support per week.

In July, 1986 the rapidly expanding anti-communism forces arising in many parts of the Philip-

pines met in Cebu City and formed the umbrella organisation, the "National Movement for Freedom and Democracy" (NMFD). Mr Alcover was elected President of that governing body which has a membership of 500,000 in its 12 affiliates and is growing daily.

On August, 24th the NMFD held its first rally in Cebu City attracting some 10 to 15,000 people. This was the first mass anti-communism rally held and whilst by Filipino standards the crowd was modest, its effect in Cebu City was dramatic. Communist infiltrators in some government positions in Cebu were exposed by former communists who have joined the movement and the repercussions of the rally are yet to be fully realised. Many similar rallies are being planned by NMED.

## QUOTES

Mr Alcover reports, "The situation in the Philippines is very alarming because the Communist Party is growing every day in the political and military field."

"The military wing of the Communist Party of the Philippines is the New Peoples' Army. It has grown to 22,000 (twenty two thousand) full time guerillas and rules by terror and force", Mr Alcover said.

According to Alcover, "The Communist Party of the Philippines is not a 'popular' movement. It has the support of some people because it maintains its rule by force."

Recalling his own experiences as a terrorist he said, "Many innocent people are being killed. When we took control of (the island of) Samar we killed all who opposed us."

Questioned on Military abuses Alcover said, "There are military abuses but on Samar we killed four or five for everyone killed by the armed forces of the government. However we tried to make sure that the military were blamed for most of the killings."

Regarding the Australian Aid projects in the Philippines Mr Alcover said, "The Communist Party of the Philippines are opposing the Austra-

lian Aid Projects because the Party is for the destruction of the economy and the government. They do not like improvements whilst they are agitating the people to fight the government."

Exposing communist "fronts" Alcover stated that "The other task of the Party is to influence the great majority of the middle class. The 'National Democratic Front' (NDF) was formed to do that function and has organised many 'front' organisations. I believe that Task Force Detainees, the Trade Union Group the K.M.U. (May the First Movement), the League of Filipino Students, BAYAN, and the new legal party, Partido Ng Bayan, are some of the many front movements of the CPP."

Commenting on Australian aid to the CPP Mr Alcover said, "We gather that Australian groups are directly or indirectly supporting communist groups through their front organisations."

I appeal to Australian people to stop this flow of support to those people who want to destroy justice, freedom and democracy."

On hearing of the visit to Australia of Jose Maria Sison, Alcover declared, "Jomar Sison has a double personality. He admits at exclusive meetings with revolutionaries that he is Amardo

Guerrero, the founder of the CPP, whilst in public he always denies that he is a communist claiming to be a 'Nationalist' fighting for a National Democratic Society."

Alcover went on to explain that, "Australians should not be confused by the term 'National Democratic', or the so-called 'National Democratic Evolution'. These terms are used by the CPP to confuse and conceal their real aim which is to gain political power 'through the barrel of a gun', that is the seizure of political power by force."

Commenting on the future of the Philippines Mr Alcover believes that "The situation is alarming but the democratic forces are awakening. I am President of the 'National Movement for Freedom and Democracy' which is an umbrella organisation for anti-communist groups covering twelve affiliates with a total membership of around 500,000 (five hundred thousand). We are growing rapidly in Cebu, Negros, Mindanao and other areas. This movement, through peaceful, non-violent means, has destroyed the CPP mass base in a number of areas in the Philippines. This has been done by simply educating the people about the real aims of communism."

/9274

CS01 4200/384

CONSUMER PRICES MAINTAIN SLOW TREND

HK041124 Quezon City BUSINESS DAY in English 4 Mar 87 p 2

[Text] Consumer prices last month generally remained slightly below year-ago levels, as they had been for the last eight months, but continued a slow uptrend that began in September, according to data from the National Census and Statistics Office (NCSO).

The NCSO reported the consumer price index (CPI) at 359.8 points last month, down 0.58 percent from 361.9 a year ago but up 0.56 percent from 357.8 last January.

As a result of the slow pace at which prices of most consumer goods and services changed as compared to the corresponding period last year, the deflation rate for the country went down to 0.58 percent from 0.53 percent in January. Deflation in areas outside Metro Manila (AOMM) went up from 1.23 percent in January to 1.47 percent last month.

In Metro Manila, the inflation rate rose to 3.95 percent last month from 3.01 percent in January.

From its level a year ago, the CPI for housing and repairs had the highest increase of 3.95 percent nationwide, 9.06 percent in Metro Manila and 2.36 percent in AOMM. The clothing index registered the least rise.

The light, fuel and water index had the biggest drop of 6.49 percent nationwide. The food, beverage and tobacco index fell 1.71 percent.

Compared to those in January, prices of construction materials such as plywood, cement, paint, lumber, sand and gravel were reported higher last month in most of the regions. This rise, coupled with increases in house rentals reported in Metro Manila, raised the index for housing and repairs nationwide by 1.01 percent.

Price increments in food items, especially eggs, fresh fish, meat, dairy products, sugar and cooking oil, in most areas of the country brought up the food, beverage and tobacco index by 0.57 percent nationwide, 0.08 percent in the Metro Manila area and 0.64 percent in AOMM.

The service index rose last month over January by 0.24 percent nationwide, 0.08 percent in Metro Manila and 0.26 percent in AOMM as haircut fees, charges for medical services and wages for household help slightly increased in some provinces.

Also, the NCSO noted, an increase in the prices of household furnishings, kitchen utensils and medicines raised the miscellaneous index by 0.16 percent nationwide last month over January.

/12858

CSO: 4200/373

## PHILIPPINES

### DAILY REPORTS UNCONTROLLED GROWTH OF RESERVE MONEY

HK041132 Quezon City BUSINESS DAY in English 4 Mar 87 p 3

[Text] Monetary authorities last month continued to experience short-run difficulties in controlling money supply even as it stepped up efforts to bring liquidity to within target range.

Object of their attention is the level of reserve money (currency in circulation plus bank deposits with CB [Central Bank] which has continued to increase during the whole of January to unprecedented levels.

Reserve money at the end of January totaled P52,580 million, a P2.6 billion increase from the P49,984 million recorded at the end of December.

Controlling the level of reserve money is critical since it constitutes a key element of base money (reserve money plus reserve eligible securities) which is being monitored by the International Monetary Fund under the standby arrangement.

At the end of the Fund's first performance review last week, it agreed to adjust the end-March target for base money, originally set at P50.8 billion to P51.8 billion. The adjustment however does not give authorities that much elbow room to maneuver and will require continuous effort on their part to curb the growth in reserve money for the whole of this month.

Latest preliminary data indicate that the CB has been working hard to push down the level of reserve money to a more acceptable level. It will have to maintain the level of reserve money to between P46 billion and P47 billion at the end of this month to be able to comfortably meet the base money target for the first quarter.

The difficulty facing CB appears to center on the continued redemption of CB bills or job bills which it had issued in large amounts particularly during the crisis years.

CB bills together with treasury bills have been the key monetary tools used by the government to curb liquidity during the period but the phaseout of CB bills starting last October has presented some problems to the authorities in absorbing the proceeds from CB bill redemptions.



Part of the currency releases were being soaked up by increased treasury auctions which has become the key monetary tool in controlling money supply since the 'phase out' of CB bills. Authorities have in fact increased the weekly offer from P4.5 billion to P5.5 billion at the end of last month in a bid to soak up part of the excess funds in the system today. When investors started to show less interest in treasury bills starting the middle of January due to the continued drop in the yield, the auction committee had to bid up the rates.

Last week's auction for example indicated a substantial rise in the yield on treasury bills from 8.41 percent the previous week for the 91 day bills to last week's 10.048 percent.

The same adjustment in yields was noticeable for the 182-day bills which went up from 11.694 percent to 12.686 percent and the 364-day bills to 13.957 percent from 13.372 percent.

The rise in yield is surprising considering that total tenders last week have also gone up to P11.391 billion from P7 billion in the previous week.

CB sources believe authorities are likely to experience these "blips" in money supply at least until May this year when all CB bills issued in the past would have been completely redeemed.

In the meantime, sources said the aberration in liquidity is expected particularly as banks themselves remain awash with cash due to the dearth in loan demand.

/12858

CSO: 4200/373

# BAGUIO TRADE ZONE BOOSTS SALES 57 PERCENT

Manila MANILA BULLETIN in English 9 Feb 87 p 21

[Text]

The Baguio City Export Processing Zone posted sales \$143.16 million last year, 57 percent up from the previous year's P91.02 million.

Figures released by the Export Processing Zone Authority (EPZA) showed that the export earnings of the BCEPZ during the year boosted total sales of the existing regular zones to \$277.68 million as against the 1985 level of \$205.19 million.

BCEPZ accounted for more than 50 percent of the total export receipts registered by the regular zones in 1986.

Mactan Export Processing Zone, based on the report of the EPZA, outpaced the Bataan Export

Processing Zone as it registered exports of \$76.92 million in 1986 from the previous year's \$54.86 million.

BEPZ, which has been hit by sporadic labor problems during the year, realized sales of \$57.6 million, a three percent drop from its \$59.31 million exports in 1985.

Total imports incurred by the regular zones amounted to \$148.05 million during the period or 25 percent more than the 1985 imports of \$118.59 million. This translated to a net export of \$129.62 million posted by the three zones last year.

While Bataan and Mactan exhibited declines of 14 percent and five percent, respectively, in their importations, Baguio

city almost doubled its imports from \$73.99 million to \$107.98 million in the same period.

The huge imports registered by the Baguio city zone brought its net foreign exchange contribution to only \$35.18 million.

The net value added of the Bataan zone, on the other hand, amounted to \$35.56 million while that of Mactan reached \$58.88 million.

The level of employment at the regular zones last year went down by four percent, or from 24,540 to 23,651. The EPZA report traced this to the eight percent drop in BEPZ's employment from 18,068 workers to 16,540 workers.

/9274

CSO: 4200/384

## PHILIPPINES

### BRIEFS

**FOUR KILLED IN ALBAY**--At least four rebels were killed while two policemen and another rebel were wounded in three separate encounters between military operatives and rebel forces in Albay during the past 2 days. The Albay PC [Philippine Constabulary] command said three of the rebels were killed Sunday at Barangay Bagumbayan in Ligao, and the other at Barangay (Bungaw) in (Lusakay) Sunday evening. Manor Juanito (Kalinong), Albay assistant provincial commander, said the slain rebels remain unidentified due to the absence of identification papers. [Text] [Baguio City Mountain Province Broadcasting Company in English 0330 GMT [no date given] HK] /12858

**GUNMEN ATTACK MUSLIM VILLAGE**--Zamboanga, Philippines, 28 Feb (AFP)--Unknown gunmen wearing military uniforms attacked a Moslem village near this southern city, killing 10 people and wounding 12 others, police said Saturday. Some 30 men wearing combat fatigues opened fire with automatic rifles and rifle grenades on four roadside houses on nearby Recodo district in the early evening Friday, in full view of women washing clothes nearby, they added. Police investigators could not immediately determine the identity of the raiders and the motive of the attack, which occurred exactly a week after the government held peace talks with Moslem guerrillas here. Ten Moslems were killed and 12 others were wounded and most of the fatalities were women, police said. Investigators recovered more than 400 spent armalite rifle cartridges and three shells of rifle grenades on the scene. Alfredo Jimenez, a member of the city's executive council, described the attack as "gruesome" and said it was intended not only to kill but to sow destruction. In a meeting with the Manila government 20 February, the rebel Moro National Liberation Front called for the establishment of an autonomous government in Mindanao and four other southern island groups, covering a third of the country's land areas, as the price for ending their 14-year separatist war. Two other rival Moslem guerrilla factions had boycotted the meeting. [Text] [Hong Kong AFP in English 0309 GMT 28 Feb 87 HK] /12858

**FRENCH DELEGATION VISITS**--Four senators from France and two other officials arrived in Manila yesterday (1 March) to hold talks with Philippine Government officials on a wide range of subjects which include trade, economics, foreign relations and defense. The delegation, which will be in the country for 8 days, is composed of Senators Jim McKay, [name as heard]

Andre Betancourt, Michael Arosco, Robert Pantaleon, MC [expansion unknown] Gene Cabenz, administrator principal in the senate, and Colonel Pierre Kerman, a military expert of the committee. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 1 Mar 87 HK] /12858

**BROADER REPRESENTATION IN MINDANAO TALKS**--A top opposition leader has urged the government to broaden representation in the Mindanao peace talks. Former Lanao Governor Ali Dimaporo said the peace negotiations should not only include the MNLF and the other Muslim groups but also Christians in the southern part of the Philippines. Dimaporo said the MNLF does not represent the whole of Mindanao. [Text] [Baguio City Mountain Province Broadcasting Company in English 0330 GMT 2 Mar 87 HK] /12858

**REBELS HIJACK BUSES, RAID DAVAO**--About 100 communist rebels hijacked 2 passenger buses and used them in raiding a police outpost in Barangay Mandog in the outskirts of Davao City. Colonel Douglas [name indistinct] said the rebels used the passengers of the two buses as cover in carrying out their raid. The rebels were able to run away with five M16 armalite rifles and two M60 machine guns. [words indistinct] scout rangers backed by a helicopter gunship began combing the area in pursuit of the rebels. Since the collapse of the 60-day cease-fire between the military and the NPA last 6 February, the death toll has risen to 139. [Text] [Baguio City Mountain Province Broadcasting Company in English 0330 GMT 2 Mar 87 HK] /12858

**TWELVE COMMUNISTS KILLED IN LEYTE**--Manila, 3 March (AFP)--Twelve communist guerrillas have been killed in a clash with government forces in a central island, the official PHILIPPINE NEWS AGENCY (PNA) said Tuesday. The New People's Army guerrillas were killed in a clash with constables on patrol near Burauen Town in Leyte Island Monday, PNA said. The rest of the 30-man rebel band retreated after an hour-long battle, in which the Constabulary patrol sustained no casualties, it added. Military and paramilitary Constabulary spokesmen here could not immediately confirm the PNA report. [Text] [Hong Kong AFP in English 1340 GMT 3 Mar 87 HK] /12858

**INSURGENCY CASUALTIES**--In the countryside hostilities between government troops and the communists' NPA, 73 persons have been killed in the last 4 days in separate clashes. The biggest encounter was reported in Davao City, where 55 rebels were killed by helicopter gunship bombings and ground troop assaults against rebel strongholds in the hinterlands outside Davao City. The military launched the attack on an NPA force of 100 men entrenched in Sitio (Cuyon) in Barangay (Lapanday) to rescue 7 families taken hostage by the rebels last Sunday. The other people killed were in Zamboanga del Norte; Barauen, Leyte, and in Lope de Vega, Samar, where 10 NPA rebels were killed. These casualties did not include those killed recently in Metro Manila by NPA sparrow assassins. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 4 Mar 87 HK] /12858

CSO: 4200/373

**BUNCHU FAULTS INDOCHINA POLICY BASED ON SECURITY FEARS**

Bangkok SIAM RAT in Thai 20 Dec 86 pp 1, 16

[Article: "Bunchu Attacks Government for Making Thai-Lao Relations Deteriorate for Long Time"]

[Text] Mr Bunchu attacked and also praised Thailand's policy toward Laos. He pointed out that Thai-Lao relations have not been bright because Thailand has been blindly worrying about the security issue, so it has forgotten to watch the superpowers make all kinds of changes in searching for political gains. Mr Bunchu suggested ways to develop and firm up relations by helping Laos develop. However, the military is standing firm in its beliefs, while the Indochinese winds are following their Soviet ringleader. There have been no signs of new discussions. There has only been a team of classical dancers from the LPDR who performed in Thailand, since the talks for improving relations with Laos in Vientiane ended at the end of November. These talks were headed by Mr Arun Phanuwong.

Nevertheless, on 19 December, the Institute for Security and International Studies of the political science faculty of Chulalongkorn University organized a seminar on trends in current Thai-Lao relations. This seminar was held in the Malai Huwanan Conference Room. It was the important seminar of the year, and the conference was crowded with politicians and intellectuals who gave thoughtful opinions.

Mr Bunchu Rojanasathien, head of the People's Action Party and chairman of the Foreign Affairs Commission of the House of Representatives, made the keynote speech for the seminar. He talked about guidelines and regulations for Thai-Lao economic relations. Mr Bunchu stated that the seminar had been set up in the right atmosphere, for three reasons:

First, trade discrimination is currently practiced widely and heavily and threatens the developing countries. The Thai government is starting to perceive that it cannot tie its destiny solely to any particular country anymore.

Second, the government is starting to improve and expand Thai-Lao economic relations; this should be done cautiously and sincerely.



Third, the people in power consider national interests to be more important than security.

Mr Bunchu criticized previous foreign policies concerning Thai-Lao relations, which have deteriorated for a long time. He said that Thailand has held blindly to a single-minded political ideology and clung tightly to a free world superpower. The result has been that Laos must depend completely on a socialist superpower and on Vietnam. Thailand has not realized that no country by nature wants to be another country's slave.

Mr Bunchu also made the comparison that while Thailand considers political ideology before economic matters, the United States always proceeds in linking its national interests with economic concerns; for example, trade relations between the United States and the Soviet Union or between the United States and Red China, or trade relations between the Soviet Union and Red China.

"We are starting to talk about reducing export regulations, increasing the powers of provincial governors, and cutting down the strategic goods list. These cannot solve the problem properly. If we think of doing only this much to make trade important and improve it--that these steps would solve the problem--then we don't have to do anything. So why waste time thinking? We can trade any day," Mr Bunchu stated. He then suggested ways to open a long-term economic relationship with Laos:

1. We must clearly define goals.

Mr Bunchu stated that this point is important because Laos' basic problem is being a poor country. Therefore, we cannot think of trade and making profits; we must look only for ways to have fair trade, so that they can walk together with us on the same road.

"They are developing their nation, as they are poor. Just as we want to grow and to have more revenues, in the final analysis they want to stand on their own feet; that is Laos' desire. Therefore, if we want to increase trade with them, we must increase their buying power by looking for ways to cooperate economically," Mr Bunchu stated.

2. To expand relations in economic areas with Laos, we must cooperate and help Laos exploit its natural resources. Mr Bunchu believes Thailand is in a position to do this, because we have enough technology to invest in Laos, and Laos has a lot of natural resources that we can bring out to the outside world.

Nevertheless, this idea goes against security concerns as to why we would want to help strengthen the enemy. Mr Bunchu stated that "I think we have to do new thinking about this. We should not assess the situation with old ideas, such as that Vietnam, Laos, and Cambodia will always be our enemies. If we still have that idea, I think we should go back to live in past centuries."

Mr Bunchu urged us to observe that now the United States and many countries in Europe have gone and invested in China, such as investments in fast foods. There are plenty of fast food shops in China now. Even though they have completely different political ideologies, even though they are carrying out different military and political strategies, they are thinking mainly of their own national interests.

3. We must assist Laos in going to the outside world and making the Mekong River a true river of peace; this would be useful to Thailand and Laos.

"I think foreign policy does not have to be rigid, but must be flexible and regularly adjusted to the situation in our country. The minister of foreign affairs has been stubbornly unchanging on this for a long time. Foreign affairs is like a chess game: it is time that we rush and catch up with the wind."

Nevertheless, Mr Bunchu stated that Laos still has a lot of obligations and is influenced by foreign countries, which might cause obstacles when we trade with it. But Mr Bunchu believes that in the end, Laos will be able to preserve good relations, so we must solve these problems gradually and patiently.

Mr Bunchu stated finally that as chairman of the Foreign Commission, he would like to explain that the commission is currently working on expanding Thailand's trade markets to Indochina.

Lt Col Priyawat Udakarn, professor at the Command and General Staff College, said that whether the relation between Thailand and Laos lasts depends partly on third-party countries, the Soviet Union and Vietnam. We must acknowledge the uncertainty of a policy that might be changed by the Soviets. We have to see whether Moscow will emphasize peace more after the Soviet's 27th Congress. Will the Indochinese countries then support the policy of their big brother and urge negotiations for relations with China and Thailand? Thailand and Laos are currently negotiating at one level.

Lt Col Priyawat stated that Laos is a small country outside ASEAN, without outlets to the sea, so it must make friends with neighboring countries in order to survive and to develop. In order to trade with Laos, nations must depend on third parties to transport goods across the border.

12597/12859

CSO: 4200/107

S&T DEVELOPMENT CHIEF COMMENTS ON POLICY, FOREIGN SUPPORT

Bangkok SIAM RAT in Thai 22 Dec 86 p 2

[Interview with Dr Smirt Khamphueamphoon, rector of the Scientific and Technological Research Institute of Thailand; date and place not specified]

[Text] [Question] How does the Scientific and Technological Research Institute operate?

[Answer] Our institute is a non-profit state enterprise with special objectives in line with government policies. It is responsible mainly for scientific and technological research and development so that Thailand can engage in basic research in science and technology. We are aiming to create employment and improve the quality of agricultural and industrial production to have uniform standards equivalent to international ones. We are doing this in order to solve the trade deficit problem, which stems from our deficiency in technology. It requires us to buy industrial products, especially machinery, at very high prices. Actually, the cost of the metal is not high, but they charge a very high price for the technology. Therefore, we must develop our technology through education and our own abilities in research and development so that we can stand on our own feet in the future.

Groups of scientists from many fields conduct three stages of coordinated research. In the first stage, we must be successful in laboratory testing by producing a product at low cost, using suitable production materials. In the second stage, we must develop our ability in pilot plants to have large-scale industrialized production of a constant quality. In the final stage, we must make a product sell through market testing. If market testing is successful and consumers like a product, then we will transfer the technology to the private sector to make an industry. It is not our duty to produce and sell.

[Question] What research projects have been successful? How many are there?

[Answer] Many research projects have been successful in marketing, such as natural garlic capsules for hypertension; herbal medicine for treating pneumonia; distillation of rice husks (into gasoline to substitute for diesel fuel); charcoal compacted from wastes such as rice husks, saw dust, sugarcane peelings, coconut fiber, etc., which are compressed into portable sticks for generating high heat; and bio-mass fertilizers made from concentrated aquatic

silver and green algae and packed into 10-kg bags that farmers can buy and then culture to get 10 times more fertilizer within 2-4 weeks. This kind of fertilizer costs one-sixth the price of chemical fertilizers, but it is as effective for growing and increasing yields of rice as ammonia sulfate fertilizer.

There are also many more ongoing projects in the middle of market testing, such as air purifiers that can eliminate dust in a room within 2 minutes; reasonably priced water filters and portable well drillers; ultrasonic roach and mouse chasers; and gasohol for cars. This is made from 15 percent pure alcohol mixed with regular benzene; it will be priced 1 baht cheaper than high-grade gasoline. There are also processed citric fruit juices and processed silver and green algae food supplements. There are ongoing research projects for cancer medicines; it will be exciting for worldwide medical circles, if we succeed.

[Question] Why isn't gasohol use in cars that popular?

[Answer] I understand that it is because crude oil is still very cheap and the tax on alcohol is only 1.10 stang. But if alcohol is used in liquor, then the tax is much higher, and the tax on petroleum is high. Therefore, if we use alcohol to produce gasohol, it will affect government revenues tremendously, and they will be reduced. I myself support using alcohol for cars because doing so will make us more self-reliant.

[Question] What kind of policy do you have for coping with the Sixth Development Plan, which starts next year?

[Answer] Our research and development work is divided into two types: the first is for developing urban industries by employing new technologies or improving existing ones. The second type is for developing rural industries. The government's policy is to have all working units work together seriously to develop rural areas equally. Our policy in the Sixth Development Plan over the next 5 years will be to develop our abilities as a center of leadership; we are doing that right now, and we are doing it quite well. We will emphasize research and development in five areas: (1) agricultural industries related to post-harvest technology, food processing, and packaging; (2) biotechnology; (3) electronics; (4) metallurgy; and (5) energy development technology.

[Question] Are you getting any financial aid from foreign countries?

[Answer] We have received financial support from foreign countries continuously since the establishment of the institute. We have received cooperation from the UN in terms of equipment, experts, and scholarships. Lately, we have been negotiating country-to-country aid. We are currently getting millions of baht in funding from various countries. Japan in particular has been helping us for the past 10 years in terms of know-how and equipment; if we estimated it in monetary terms, it would be a tremendous amount of money.

[Question] How do you evaluate the results of your work?

[Answer] We had little scientific and technological knowledge during the initial stage of the institute. Then industries produced products of below international standards for domestic use. At that time, we did not see the importance of research and development in developing industry, so that research was heavily weighted toward know-how and making written reports. We constantly evaluated the results of our research and discovered that we had little management experience.

So we hurriedly looked for know-how from foreign countries until recently. All the experts have pushed us to see the importance of basic research, so we have also expanded the scope of our research work. Our goal is to develop research work and technology so that we can be self-reliant. We are very pleased that the many sections of the Sixth Development Plan discuss science and technology.

Such awareness will enable Thailand to catch up with developed countries and be self-reliant. Thailand should be a leader in certain fields, such as agricultural industries, because it is already an agricultural country and has mining and various metals. We have plenty of natural resources. Our goal is to accelerate the development of our country to be number one.

[Question] What are the problems and obstacles in your work?

[Answer] The major problems are in developing our abilities and knowledge. It is not something simple, so we must invest a lot of capital and employ a lot of people to do research and develop projects. The design of research projects in particular is a major problem. Before we conduct research, we must draft a plan. We have to do studies on how to draw up projects so that we achieve the three stages; this is difficult. We don't have problems with personnel: If we are short of experts at the institute, we can pull them from other working units. We have a great network with other working units.

12597/12859

CSO: 4207/107



## COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

### SON SANN MESSAGE ON KPNLF ANNIVERSARY

BK061351 (Clandestine) Voice of the Khmer in Cambodian 0500 GMT 5 Mar 87

[Message from KPNLF President Son Sann--read by announcer]

[Text] Revered clergy, beloved courageous young brothers and combatants, and beloved compatriots: On 5 March 1987, we celebrate the founding of our KPNLF forces, which are now fully 8 years old. Most of all, I would like to express on this occasion greetings to all our brave commanders in the cause of serving and defending the country and nation and admiration for all their activities full of great heroism on every battlefield. I would like to bow with profound respect to the precious sacrifice of our combatants. Some have lost their lives, and others have become invalids. This sacrifice is a lasting heritage that can vigorously sustain the movement of our KPNLF forces throughout the country and show the determination of our resolute struggle against the Vietnamese aggressors.

Since their birth, our KPNLF forces have already shown their resolute determination by providing assistance and defense and offering hope to hundreds of thousands of Cambodian refugees who have fled the oppressive regime that is attempting to exterminate our race. Furthermore, our forces have fulfilled a historic mission that shows a resolute will in the struggle for national liberation and is an undeniable sign of victory against the enemies. This is because of our forces' many valiant acts. Furthermore, toward our compatriots inside the country, our combatants have made efforts to behave themselves as genuine models and have shown a clear understanding of the cause of the nation, religion, and people, which is our front's motto: Save, serve, and defend the people.

Young courageous brothers and liberation combatants, after 8 years of struggle, we can measure the obstacles we have surmounted and determine the tasks that must be carried out in the future. You have more than any others confronted lack of food and other things and endured hardship. You have managed to come through this. Thanks to your deeds, your spirit of sacrifice, and your firm attitude toward discipline and national unity, all of us have come through and overcome all kinds of obstacles. You have promoted a firmer hope among Cambodians everywhere, who have contributed without hesitation to the struggle for national liberation with us. You should realize that the sacrifice of your life for the cause of serving

the nation will be considered exemplary by all KPNLF forces in continuing to unite, cooperate, and fulfill tasks together in a spirit of the highest sacrifice to absolutely win back the country's independence, sovereignty, and full territorial integrity.

Long live our brave combatants!

Long live the KPNLF forces!

[Signed] Son Sann, KPNLF president

/12858

CSO: 4212/22

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK COMMENTS ON VIETNAMESE CABINET RESHUFFLE

BK200459 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
19 Feb 87

["News commentary": "The Hanoi Clique Reshuffles Its Cabinet"]

[Text] According to reports from Hanoi, the Hanoi Vietnamese clique recently made extensive changes in its cabinet by dropping 31 ministers and high-ranking officials. Van Tien Dung, Vietnamese defense minister, who is a veteran general of the Vietnamese Army, was among those dismissed.

Observers say that the Hanoi clique reshuffled the cabinet in an attempt to resolve Vietnam's worsening economic crisis. Can this reshuffle resolve the current serious economic crisis in Vietnam? It has been some years that the Hanoi clique has tried to find solutions to the deteriorating Vietnamese economy. Vietnam has made reforms and devalued its currency while those responsible for the economy have been dropped or replaced. However, the crisis remains unresolved. So far, there is no evidence to show that Vietnam can improve its economy. The Vietnamese people's life is still hard and is getting harder every year. This has caused rift among Vietnamese leaders from top to bottom throughout the country, including the army.

People clearly realize the reason the Hanoi Vietnamese cannot solve their economic problems is that they refuse to end their war of aggression in Cambodia. It is this war of aggression that is destroying Vietnam and causing its economy to plunge. Therefore, as long as Vietnam continues its war in Cambodia, its economic crisis and serious problems in every field cannot be resolved, despite its cabinet reshuffle and dismissal of ministers. Furthermore, the internal rift among the Vietnamese leaders will widen. The only way left for the Hanoi clique to proceed is to accept the CGDK's 8-point peace proposal, withdraw all its aggressor forces from Cambodia, and pool its resources to build Vietnam and improve the country's economy.

/12858

CSO: 4212/22

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK CALLS ON KPRAF SOLDIERS TO TURN AGAINST SRV

BK110340 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
10 Feb 87

["Appeal to all Cambodian soldiers forced to serve the Vietnamese enemy to follow the example of a company of patriotic Cambodian soldiers stationed at Hill 715 on Samlot battlefield"]

[Text] On 1 February, a company of patriotic Cambodian soldiers stationed on Hill 715 on Samlot battlefield fled to join our Democratic Kampuchean National Army, bringing along all their weapons. These Cambodian soldiers said that the fraternal Cambodian soldiers in nearby positions, that is at Hills 720 and 750, are also looking for a chance to flee.

The fact that the Cambodian soldiers have fled as a whole unit to join us and that more and more Cambodian soldiers have deserted and turned against the Vietnamese aggressors clearly show that the Vietnamese aggressors have failed to force the Cambodian soldiers to serve their war of aggression and genocide in Cambodia. The Cambodian soldiers have clearly realized that the Vietnamese invasion of Cambodia at the end of 1978 was a gross and truculent violation of Cambodia's sovereignty and territorial integrity--an act which runs totally counter to the norms governing international relations.

Moreover, they have seen with their own eyes how the Hanoi Vietnamese have cruelly and barbarously killed, oppressed, and bullied the Cambodian people, including their parents, brothers, sisters, and relatives. The Vietnamese have barbarously raped and tortured their wives, daughters, and sisters. The Vietnamese have robbed our Cambodian people of everything. They even bully and look down upon the Cambodian soldiers who have been forced to serve them. They have forced these Cambodian soldiers to fight and die in their place.

Briefly speaking, the Vietnamese enemy has sowed all kinds of destruction on the entire Cambodian nation and people indiscriminately. Fraternal Cambodian soldiers know very well that the Vietnamese did not come to rescue Cambodia as they have claimed. They came to annex Cambodia as they did to our Kampuchea Kraom in the past. As Cambodians, these Cambodian soldiers realize that they cannot take up arms to fight their

own fellow Cambodians and destroy their own nation and race to serve the Vietnamese aggressors. They know that they must stand by the side of the patriotic forces and join in fighting the Vietnamese aggressors for the defense of their nation and race.

Realizing this, the whole company of Cambodian soldiers at Hill 715 on Samlot battlefield deserted the Vietnamese ranks and fled to join our Democratic Kampuchean National Army. This is very patriotic of these soldiers. Our Democratic Kampuchean National Army and Cambodian people highly praise this activity and warmly welcome these Cambodian soldiers by giving them all kinds of assistance as blood brothers and compatriots.

We call on all fraternal Cambodian soldiers who have been forced to serve the Vietnamese enemy on other battlefields to follow the example of the fraternal Cambodian soldiers at Hill 715 by quickly withdrawing themselves from the Vietnamese enemy so as to prevent themselves from being used as a tool to serve the Vietnamese war of aggression and genocide against our Cambodian race. Either flee back home or join the Democratic Kampuchean National Army on mission near your positions.

At present, the Vietnamese enemy is facing more serious difficulties on the battlefield of aggression against Cambodia. It has been attacked more vigorously everywhere, including Phnom Penh, by our Democratic Kampuchean National Army and Cambodian people throughout the country, including the fraternal Cambodian soldiers, village and commune administrators, and other administrators and personnel who have been forced to serve the Vietnamese enemy. Due to this vigorous offensive, the Vietnamese aggressor troops have suffered [words indistinct]. More Vietnamese soldiers have deserted their ranks and fled from the battlefields. It is certain that the Vietnamese enemy will not be able to stay in our country much longer. It will definitely [words indistinct] and out of our Cambodian territory.

For this reason, we call on all Cambodian soldiers to quickly make their decision. Do not hesitate too long. If you stay with the Vietnamese enemy, your future is dim. Definitely, the Vietnamese enemy will eventually lose. Therefore, you should defect to the side of our nation and people so as to jointly fight and quickly drive all Vietnamese out of our country. Only after all Vietnamese are driven out of our territory will our Cambodian people survive as a nation equal to all other nations in the world.

/12858

CSO: 4212/22



## COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

### VODK SAYS SRV HAS NO GOODWILL FOR POLITICAL SETTLEMENT

BK100225 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
9 Mar 87

[Station commentary: "The Hanoi Authorities Have No Goodwill To Settle the Cambodian Problem Politically"]

[Text] A few days prior to the arrival in Hanoi of Soviet Foreign Minister Shevardnadze, the spokesman of the Hanoi foreign ministry arrogantly announced that Vietnam would only withdraw its troops from Kampuchea if the resistance forces of Democratic Kampuchea were eliminated. At the same time, Vietnam contended that the Soviets support this stand. Public opinion has also noted that during Shevardnadze's tour of Southeast Asia and the Asia-Pacific region, the Soviet Union has not shown any signs of wanting to contribute to the political settlement of the Cambodian problem by bringing pressure to bear on Vietnam to withdraw its aggressive forces from Cambodia according to the earnest demand of countries in the region and the international community.

The above-mentioned Vietnamese remarks and Soviet attitude clearly show that both the Hanoi authorities and their Soviet bosses have not the slightest intention of solving the Cambodian problem politically. They stubbornly continue to collude with each other in carrying on their war of aggression against Cambodia in order to enable Vietnam to swallow Cambodia and set up an Indochinese federation and let the Soviet Union use this Indochinese federation as a stepping stone for attacks on and expansionist aggression against other countries in Southeast Asia in line with their global expansionist strategy in the region.

As for the deceptive Vietnamese-Soviet maneuvers about their intention to pull out troops from Cambodia by this or that year or their demand for the elimination of this or that person as a condition for their troop withdrawal from Cambodia, they are nothing but maneuvers aimed at:

1. Splitting the international front supporting the patriotic Cambodian resistance forces and the CGDK; and causing divisions within the CGDK whose concerted struggle against the Vietnamese enemy aggressors is making great and more effective advances in all fields, causing the Vietnamese to sink inextricably deeper into the quagmire both in Cambodia and on the international stage.

2. Lessening the denunciation, condemnation, and pressure exerted by the international community against Vietnam so that the latter can free itself from its current difficult and inextricable situation and carry on its aggression against and occupation of Cambodia forever.

3. Burying the eight resolutions of the United Nations on Cambodia demanding that Hanoi immediately and unconditionally withdraw all its troops from Cambodia; and diverting the settlement of the Cambodian problem away from the 8-point proposal regarded by the international community as the most correct and reasonable solution.

Therefore, neither Vietnam nor its Soviet bosses have changed their aggressive stand. All the proposals they have put forward are concocted merely to deceive other people so that they themselves can realize their ambitions in Cambodia. However, regarding the Cambodian problem, the international community holds that in order to settle the Cambodian problem once and for all, Vietnam must unconditionally withdraw all its aggressive troops from Cambodia, allowing the Cambodian people to decide their own destiny without any outside interference, for the Hanoi authorities are the ones who have committed aggression against Cambodia arrogantly and brutally violating the principles of international law and the UN Charter. Therefore, Vietnam is the criminal. It has no right to impose any conditions at all. It must completely and unconditionally withdraw its troops in accordance with the eight UN resolutions.

This is a matter of principle which neither Vietnam nor the Soviet Union can toy with or try to bury, for should the aggressors be allowed the right to impose conditions or use pretexts to legitimize their aggression and occupation, as in the case of Vietnamese aggression against and occupation of Cambodia, Cambodia would not be the only victim, but other countries in the world, particularly the many other small, medium-size, and weak countries, would one after another suffer the same fate as Cambodia. This is because the aggressors and expansionists and other bullies will use the example of the Vietnamese aggression against Cambodia as a precedent to violate or threaten smaller or weaker countries as it pleases them. As a result, peace, stability, and the good order of the whole world will be affected.

Therefore, the world can do without the sort of remarks made by the Vietnamese. They will only make countries in the region more indignant at Vietnam. These countries will see more clearly the expansionist and aggressive face and bellicose nature of the Vietnamese and Soviets who stubbornly continue to implement their expansionist strategy in the region. These countries will therefore continue to bring joint pressure to bear on the Hanoi authorities to force them to withdraw all their aggressive troops from Cambodia in accordance with the eight UN resolutions and the 8-point proposal of the CGDK.

/12858

CSO: 4212/22

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

COMPANY OF GOVERNMENT SOLDIERS IN SAMLOT DEFECTS

BK110221 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2315 GMT 7 Feb 87

[Text] On 1 February, a company of patriotic Cambodian soldiers stationed at Hill 715 on Samlot battlefield [Battambang Province] defected to the DK National Army, taking with them all their weapons, because they are fed up with the Vietnamese.

They told us that the whole company had tried to flee long ago; but due to tight control by the Vietnamese, they were unable to do so until 1 February. They said that the other Cambodian soldiers stationed near them, such as at Hills 720 and 750, have also sought the opportunity to flee the Vietnamese.

These brothers who fled from Hill 715 were warmly welcomed as compatriots by our National Army. They have also been provided with clothing, hammocks, blankets, jackets, food, and medicine for their daily use as all other members of our National Army.

We call on other Cambodian soldiers in the 92d Brigade as well as all other Cambodian soldiers stationed along the border and elsewhere throughout the country to follow the example set by these Cambodian soldiers from Hill 715. We call on the fraternal Cambodian soldiers at Hills 720 and 750 to follow this example set by this company of Cambodian soldiers from Hill 715 by turning your guns against the Vietnamese enemy and fleeing as quick as possible. If you stay there longer, the Vietnamese enemy will certainly arrest and jail you. You should flee quickly. Our National Army is awaiting every minute to welcome you warmly as our compatriots.

/12858

CSO: 4212/22

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VONADK REPORTS DKNA ATTACKS IN PHNOM PENH

BK230242 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2315 GMT 22 Feb 87

[From the "Daily Report From Various Battlefields" feature]

[Excerpt] Phnom Penh battlefield: On the night of 15 February, our DK National Army, in cooperation with the local people and patriotic Cambodian soldiers, launched a commando raid against the Vietnamese at Stoeng Meanchey station in Phnom Penh City. After 15 minutes of fighting, we killed 12 Vietnamese, including a supervisor of the Stoeng Meanchey station, a supervisor of the power station, and a policeman; and wounded 19 others. We destroyed 10 pistols, 7 AK's, 3 B-40's, 2 M-79's, 2 trucks, 1 motorcycle, 10 bicycles, 1 power generator, 2 propaganda centers, 11 barracks and houses of the Vietnamese, and some war materiel; and seized 5 pistols, 3 AK's, 2 B-40's, and some war materiel.

On the night of 13 February, our guerrillas attacked the Vietnamese at the head of Monivong bridge and at Toek Thla market place in Phnom Penh City. We killed three Vietnamese and wounded five others.

On the night of 16 February, our guerrillas attacked the Vietnamese at Chak Angre Leu market place in Phnom Penh, killing three and wounding two. We seized two AK's.

On the night of 18 February, our guerrillas attacked the Vietnamese at Ta Khmau market place in the suburb of Phnom Penh, killing two, wounding one, and destroying some war materiel.

Kompong Cham battlefield: On the night of 15 February, our National Army, in cooperation with the local people and patriotic Cambodian soldiers, attacked the Vietnamese at the airport in Kompong Cham town and the Vietnamese village and commune administrations in Treang and Ro'ang communes, Kompong Siem District, Kompong Cham Province. We killed three Vietnamese and wounded four others; destroyed a commune office, two barracks, and some war materiel; and liberated seven villages in Treang Commune, namely (Romul), Sdaeung, Chreaneang, (Pol), Pen, (Kral Tima), and (Trean), and three villages in Ro'ang Commune, namely (Bar Lang), Veal Khnach, and (Pongreas).

Following our attack at the airport, the Vietnamese in Kompong Cham town were in great panic and spent the whole night firing their artillery shells in all directions.

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

SRV REGIMENT POSITION IN PURSAT ATTACKED

BK240152 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2315 GMT 23 Feb 87

[From the "Daily Report From Various Battlefields" feature]

[Excerpt] Peam Ta battlefield: At midnight on 20 February, the commandos of our National Army raided a position of the Vietnamese intervention regiment under the 330th Brigade located at Chamlang Romeang on Peam Ta battlefield [Pursat Province]. The raid was launched in three prongs. The first prong attacked the intervention regiment's command headquarters of the 330th Brigade; the second prong attacked the ammunition depots; and the third prong attacked the company position defending this regiment position. After 20 minutes of fighting, we totally smashed and liberated this position. We killed 41 Vietnamese, including a regiment commander, a battalion commander, and 2 company commanders; wounded 65 others; destroyed 71 assorted weapons, including a 120-mm mortar, an 80-mm mortar, 3 60-mm mortars, a DK-75, 2 DK-82's, a 12.7-mm machinegun, a 20-mm double-barreled gun, 10 B-40's, 8 B-41's, 5 RPD's, 35 AK's, 5 pistols, 2 trucks, a 15-watt telegraph set, 2 C-25 radios, 3 telephone sets, 3 large ammunition depots which exploded throughout the night, and a rice warehouse containing 300 sacks of rice; and seized 11 guns--8 AK's, a B-41, an RPD, and a pistol--a quantity of assorted ammunition, 50 rucksacks, and a large quantity of war materiel. We also destroyed 1,500 meters of road with mines.

Next morning, the Vietnamese soldiers who were sent to collect the bodies of their colleagues hit eight landmines. Eight of them were killed.

In sum, we killed 49 Vietnamese soldiers and wounded 65 others for a total of 114 enemy casualties.

North Sisophon battlefield: On 14 February, our National Army fired 107-mm rockets into a Vietnamese position at Paoy Ta Ong in Phnum Srok District. According to a report by the local inhabitants, seven Vietnamese soldiers were killed, five others were wounded, and a general staff bureau and five barracks were destroyed by the rockets.

/12858

CSO 4212/22



COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VONADK ROUNDS UP BATTLE RESULTS OF FEBRUARY

BK040239 (Clandestine) Voice of the National Army of Democratic Kampuchea  
in Cambodian 2315 GMT 3 Mar 87

[Roundup of February Battle Results]

[Text] 1. Koh Kong-Kompong Som battlefield: 54 Vietnamese enemy soldiers were killed and 33 wounded. There was a total of 87 casualties. Administrative networks in three villages were dismantled.

2. Leach-Peam Ta battlefield: 197 killed and 156 wounded. Total: 353 casualties. Administrative networks in a village were dismantled.

3. Samlot battlefield: 61 killed and 82 wounded. Total: 143 casualties.

4. Pailin battlefield: 200 killed and 251 wounded. Total: 451 casualties.

5. South Sisophon battlefield: 97 killed and 90 wounded. Total: 187 casualties. Administrative networks in two villages and a commune dismantled.

6. North Sisophon battlefield: 253 killed and 247 wounded. Total: 500 casualties. Administrative networks in 36 villages and 3 communes dismantled.

7. Around Battambang battlefield: 119 killed and 145 wounded. Total: 264 casualties. Administrative networks in 58 villages and 6 communes dismantled.

8. Siem Reap-Oddar Meanchey battlefield: 106 killed and 108 wounded. Total: 214 casualties. Administrative networks in 69 villages, 4 communes, and a district seat dismantled.

9. Preah Vihear battlefield: 48 killed and 45 wounded. Total: 93 casualties. Administrative networks in four villages and two communes dismantled.

10. Kompong Thom-Kompong Cham battlefield: 128 killed and 127 wounded. Total: 255 casualties. Administrative networks in 160 villages, 19 communes, 3 townships, and a district seat dismantled.

11. Moung-Pursat battlefield: 81 killed and 83 wounded. Total: 164 casualties. Administrative networks in 35 villages and 5 communes dismantled.
12. Kompong Chhnang battlefield: 57 killed and 65 wounded. Total: 122 casualties. Administrative networks in 24 villages and 5 communes dismantled.
13. Phnom Penh and around Phnom Penh battlefield: 99 killed and 117 wounded. Total: 216 casualties. Administrative networks in 157 villages and 5 communes dismantled.
14. Tonle Sap battlefield: 28 killed and 19 wounded. Total: 47 casualties. Administrative networks in nine villages dismantled.
15. Southwest battlefield: 61 killed and 94 wounded. Total: 155 casualties. Administrative networks in 61 villages and 2 communes dismantled.
16. Northeast-eastern battlefield: 48 killed and 47 wounded. Total: 95 casualties. Administrative networks in 46 villages, 7 communes, and a district seat dismantled.

In sum, we killed 1,637 Vietnamese enemy soldiers, wounded 1,709 others for a total of 3,346 casualties and dismantled administrative networks in 665 villages, 59 communes, 4 townships, and 2 district seats.

/12858

CSO: 4212/22

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK REPORTS RESISTANCE ATTACK IN KAMPOT DISTRICT

BK080230 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
7 Mar 87

[Text] In cooperation with the local population and fraternal patriotic Cambodian soldiers, our National Army launched a 4-pronged attack against the defense network of Kampot District on 28 February. The first prong hit the Vietnamese troops stationed at Kompong Tuk and Kompong Toek; the second dispersed and dismantled the commune administration of Kbal Romeas; the third dispersed and dismantled the commune administration of Trapeang Sangke adjacent to Route 16 north of Kbal Romeas market; and the fourth dispersed and dismantled Vietnamese village administrations along the railroad from the O Chonhcheang Pi Bridge west of Damnak Chang-aeu to the Trapeang Hom station.

During 30 minutes of fighting, we killed 4 and wounded 6 Vietnamese soldiers; destroyed 3 AK's, 1 SK, 2 commune office buildings, 5 barracks, 7 motorboats, 1 motorcycle, 12 bicycles, 65 sacks of paddy, 10 sacks of rice, 10,000 liters of kerosene, and some other war materiel; and seized 1 AK, some ammunition, 3 sacks of rice, and 7 sacks of paddy. We liberated four villages, namely: Chamka Savnav, Trapeang Sangke, Ta Em, and Kompong Toek and freed 200 inhabitants from [garble] imposed by the Vietnamese enemy. At the same time, we unscrewed 250 Vietnamese railroad fasteners over 300 meters of track. The following day, a Vietnamese train coming from Phnom Penh to Kompong Som derailed when it reached the point west of Damnak Chang-aeu.

/12858

CSO: 4212/22

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

VODK ON GUERRILLA ACTION NORTH OF PHNOM PENH

BK090135 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT  
8 Mar 87

[Text] In cooperation with the local population and fraternal patriotic Cambodian soldiers, our DK National Army launched a 3-pronged attack in the night of 4 March against the Vietnamese enemy at Prek Kdam ferry crossing in Ponhea Loe District, Kandal Province, north of Phnom Penh. The first prong hit the Vietnamese enemy battalion position at Prek Kdam ferry crossing; the second hit the Vietnamese positions along the river bank; and the third dispersed and dismantled Vietnamese village and commune administrations.

During the 20-minute fight, we killed 15 Vietnamese soldiers and wounded 26 others for a total of 41 casualties. We destroyed 2 B-41's, 1 C-25 field radio set, 2 telephones, 5 Soviet-made military trucks, 5 motorboats with a capacity of 10 metric tons, 10 motorboats with capacities of 20 and 30 metric tons, 16 row boats, 25 drums of gasoline, 2 commune office buildings, 13 barracks, and some other war materiel. We seized 11 AK's and liberated six villages, namely Khleang Sbek, Tuol A Srong, Vihear Thom, Sdei Thom, Sdei Kandal, and Thlea Chrum.

On 26 February, our National Army in cooperation with the local population and fraternal patriotic Cambodian soldiers completely dispersed and dismantled the Vietnamese village administrations in Samraong Commune along National Route 5, 4 km north of Ponhea Loe District, Kandal Province. We killed 5 Vietnamese soldiers and wounded 9 others for a total of 14 enemy casualties, destroyed 4 AK's, 2 commune office buildings, 1 rice warehouse with 300 sacks of rice, 1 paddy warehouse with 200 sacks of paddy, 3 large Soviet-made military trucks, 5 large motorboats, 10 drums of gasoline and diesel oil, 30 drums of asphalt, 5 barracks, and some other war materiel, and liberated 5 villages, namely Kruos, Samraong, Samraong Khang Cheung, Samraong Khang Tbong, and Prey Nokor.

At the same time, we fired a 107-mm rocket on the Vietnamese enemy position at Prek Phneou, killing or wounding a number of Vietnamese soldiers.

On 28 February, our National Army dispersed and dismantled the Vietnamese village administration at Trapeang Sangke village in Toek L'ak commune, Kandal Province, killing or wounding scores of Vietnamese soldiers.

/12858

CSO: 4212/22

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

KPNLF DESTROYS 3 SRV TANKS IN BATTAMBANG

BK111015 (Clandestine) Voice of the Khmer in Cambodian 0500 GMT 11 Mar 87

[Text] The KPNLF General Staff reported that the KPNLF forces destroyed three M-113 tanks of the Vietnamese enemy, killed two Vietnamese soldiers, and wounded three others on the battlefield in Battambang Province.

According to the report, at 1830 on 4 February, a number of KPNLF forces in cooperation with the ANS [Sihanoukist National Army] forces clashed with 190 Vietnamese soldiers in the vicinity of Krasang Reav and (Tae Ta Ei) in Moung Russei District of Battambang Province. Following 40 minutes of fighting, the Vietnamese soldiers fled from the battlefield. No report on the Vietnamese losses was available.

In mid-February, a number of KPNLF forces laid several mines along Route 69. Many Vietnamese tanks from Thmar Puok District on operations in Bavel and Thmar Puok districts hit these mines. Three M-113 of the Vietnamese enemy were set ablaze by explosions, and the activities of the Vietnamese soldiers in these areas were obstructed.

At 1930 on 18 February, a number of KPNLF forces clashed with a company of Vietnamese-Heng Samrin soldiers in the vicinity of Khleung Por village, Sisophon District, Battambang Province. This 10-minute battle resulted in a number of Vietnamese soldiers killed or wounded.

At 1020 on 18 February, a number of KPNLF forces clashed with a platoon of Vietnamese soldiers in the vicinity of Srayal village, Sisophon District, Battambang Province. The clash lasted for 15 minutes. The KPNLF forces killed two Vietnamese soldiers and wounded three others.

/12858

CSO: 4212/22



## COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

### BRIEFS

**SIHANOUK FORCES ATTACK SRV POSITION--**On 18 January, the Sihanoukist National Army in cooperation with the Democratic Kampuchean National Army attacked a Vietnamese company position located at (Pring Kong) village in Sisophon District on Sisophon battlefield [Battambang Province]. After 40 minutes of fighting, we destroyed this position. We killed 28 Vietnamese soldiers and wounded 14 others for a total of 52 enemy casualties. We destroyed 10 AK's, 3 RPD's, 2 B-40's, 15 houses belonging to the Vietnamese, 1 command post, 1 ammunition depot, and some materiel. [Text] [(Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 10 Feb 87 BK] /12858

**KPNLF FORCES' ATTACK ALONG BORDER--**The VOK news room has received reports saying that KPNLF forces launched simultaneous attacks against various Vietnamese positions in Battambang Province near the Cambodia-Thai border yesterday's night and that Vietnamese artillery strongly retaliated early this morning. The reports say that KPNLF forces launched simultaneous attacks against Vietnamese positions near Soeng commune in Sisophon District, Battambang Province. The attacks started at 2300 [1600 GMT] yesterday night. Vietnamese soldiers fired 130-mm and 105-mm shells back until 0200 [1900 GMT]. We have not yet received reports of both sides' losses in this incident. [Text] [(Clandestine) Voice of the Khmer in Cambodian 0500 GMT 25 Feb 87 BK] /12858

**SRV SOLDIERS IN KOH KONG DESERT--**On 20 February, 500 Vietnamese soldiers of the 4th and 6th divisions stationed on the Koh Kong battlefield deserted their ranks and returned home. In their flight, these Vietnamese deserters asked our people to guide them and provide them with hiding places. When they reached Ta Lat Village in O Commune of Phnum Sruoch District, Kompong Speu Province, they ran into Vietnamese soldiers from a different unit who tried to stop them and bring them back to Koh Kong. In the ensuing clash, the 500 Vietnamese deserters killed two Vietnamese soldiers and wounded five others. However, following the battle, the Vietnamese soldiers at Ta Lat village arrested 80 of the deserters and sent them back to the Koh Kong battlefield while the remaining 420 escapees continued their flight. [Text] [(Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 5 Mar 87 BK] /12858

SRV POSITIONS IN STUNG TRENG ATTACKED--On the night of 19 February, our National Army attacked a Vietnamese division position at Tumnop O Khlong, part of the network defending Stung Treng airfield, in Stung Treng District on Stung Treng battlefield, killing five Vietnamese enemy soldiers, including a division [text indistinct]; destroying a division command building, six barracks, two warehouses containing artillery shells, which were burning through the night, and some war materiel. On 19 February, our National Army attacked a Vietnamese regiment position at Veal Rumpe next to Route 19 in Stung Treng District [Stung Treng Province], killing one and wounding two Vietnamese enemy soldiers and destroying a 12.7-mm machine gun, a regiment command building, a barrack, and some war materiel. [Text] [(Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 6 Mar 87 BK] /12858

PAK SONG-CHOL MESSAGE TO KHIEU SAMPHAN--I should like to express profound thanks for the congratulations and best wishes your excellency sent me on my reelection as vice president of the DPRK. I am convinced that the friendly relations and cooperation between our two peoples and countries will further develop. I should also like to wish your excellency greater success in fulfilling your noble mission. [Signed] Pak Song-chol, vice president of the DPRK. [Dated] Pyongyang, 4 February 1987. At the same time, His Excellency Yi Chong-ok and His Excellency [name indistinct], vice presidents; and His Excellency Kim Yong-nam, vice premier and minister of foreign affairs of the DPRK, also sent messages of thanks to Vice President Khieu Samphan. The contents of the messages were similar to the above message. [Message of thanks from DPRK Vice President Pak Song-chol to DK Vice President Khieu Samphan] [Text] [(Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 10 Feb 87 BK] /12858

CSO: 4212/22

PEOPLE'S REPUBLIC OF KAMPUCHEA

DEFENSE MINISTER YOUTH UNION CONGRESS ADDRESS

BK080831 Phnom Penh Domestic Service in Cambodian 1200 GMT 7 Mar 87

[Address by PRK Defense Minister Koy Buntla at Youth Union Second National Congress--recorded]

[Text] Today the youth of our beloved Angkor land are happily welcoming the Second National Congress of the Youth Union, a historic event for the youths, held to review youth revolutionary contributions during the past 8 years, to devise a plan of action for coming years, make amendments and complete the Youth Union's constitution, and elect a new Youth Union Central Committee. This is a historic political event for our country's youth under the leadership of our genuine Marxist-Leninist party, which is leading the revolution, achieving strategic tasks in the current phase of the revolution, firmly defending national independence, and building the Cambodian fatherland through stages toward socialism. On behalf of the National Defense Ministry and all KPRAF cadres and combatants, I would like to vigorously welcome you and wish the congress brilliant successes.

Beloved audience, dear comrades and delegates: Under the clear-sighted leadership of the KPRP, with the assistance of the fraternal Vietnamese Volunteer Army, and our people's solidarity under the KUFNCD banner, the Cambodian revolution has scored great historic victories. On 7 January 1979, it toppled the Pol Pot-Ieng Sary-Khieu Samphan genocidal and treacherous clique, lackey of the Beijing Chinese expansionists, and set up the PRK regime, in which workers are genuine masters of their destiny. We have opened a new era, that of independence, freedom, and happiness, and are advancing toward prosperous and glorious socialism.

As you all know, the sacred aspiration of our KPRP and our entire Army is peace. Only with peace can we rebuild our country from the ashes resulting from the destruction by the Pol Pot-Ieng Sary-Khieu Samphan genocidal regime, erase the bad legacies left over from previous societies, and aim at building the country to catch up with the world's civilized countries. However, the Beijing Chinese expansionists, in collusion with the U.S. imperialists and other reactionary forces in the region, have sought every means to wage a war to destroy the peaceful life of our people and topple our young revolutionary authorities. This is aimed at restoring the oppressive and genocidal regime detested by the Cambodian people and

peace-loving mankind the world over. Faced with such a situation, the task of building and strengthening the People's Revolutionary Armed Forces is a necessary and most important one to defend revolutionary gains, the fatherland, and our people's peaceful life.

In the past 8 years, under the KPRP correct leadership, the Youth Union has promoted and encouraged our youths throughout the country to lively join the Armed Forces, Militia Force, and other workers to build defense lines to protect the border with brilliant results and score successive victories throughout the country.

On this occasion, on behalf of the Army's party Central Committee and the National Defense Ministry, I would like to express most profound gratitude for the activities and precious sacrifices of Youth Union members and our youth throughout the country and express gratitude to all levels of the Youth Union and association which have actively contributed to the task of building our Armed Forces to firmly defend national independence and move our fatherland toward socialism. As we know, youths are the vanguard force in the cause of defending and building the country and a vigorous force with energy, good health, and a developing mind capable of accepting what is new and is eager to learn. All these are the most important factors in building the Army and in managing and using modern equipment provided by the party and people.

Since the time the Youth Union was revived, the Army's party Central Committee, the National Defense Ministry, and all levels of regional party committees in the Army have paid great attention to promoting the movement and educating and tempering youths to change them into new socialist persons who firmly adhere to the good behavior of the authentic revolutionary army and the behavior of the working class of the party. At the same time, we have paid attention to the task of building Youth Union structures to use as core in implementing tasks and school for educating and tempering Youth Union members and youths. Currently, 81.35 percent of armed forces units have Youth Union structures and a 43 percent membership among the country's youth. We are actively contributing to successfully implementing every task of the units and at the same time have sent outstanding cadres and party members [words indistinct]. Along with this, the Army, Youth Union organizations, and youth movements have made steady progress. Currently, thousands of members of our Youth Union have become party members and all types of cadres who are being give important roles in leading and commanding units. Thousands more comrades have achieved outstanding results and have been awarded all kinds of honors by the party, state, and the Defense Ministry. In particular, many of our youths have courageously and valiantly fought and braved and endured hardship. They are absolutely loyal and have confidence in the party and the fatherland and dare to make all kinds of sacrifice for the fatherland. They have scored brilliant results in fighting. They have been named outstanding party members and combatants of the emulation movement and resolute combatants of the Army. Thousands more of our youth have been working and studying hard to expertly and effectively use modern equipment. This has gradually raised the fighting standards.

Currently, combatants of the KPRAF are cooperating shoulder to shoulder with the Vietnamese Volunteer Army in tempering Cambodian cadres and combatants in every field to carry out their sacred tasks of firmly defending national independence and moving the country toward socialism.

On behalf of the Army's party Central Committee and the National Defense Ministry and through the congress, I would like to express most profound gratitude to parents for bringing up and educating their excellent children for the revolution, the Armed Forces, and the fatherland. I would like to thank state authorities and mass organizations at all levels which have been active and paid attention to the task of recruitment of soldiers in the past years. In particular, on this occasion, I would like to most profoundly thank Vietnamese cadres, volunteer combatants, and experts who are carrying out noble proletarian internationalist tasks in Cambodia and thank our compatriots and friends for their sincere and wholehearted assistance to our revolution.

Through this congress, in my own name and on behalf of the Army's party Central Committee and the National Defense Ministry, I firmly hope that under the KPRP's correct leadership and the direction of the Youth Union Central Committee and all levels of various central committees and Youth Union committees, the Youth Union movement throughout the country will further deepen and expand to localities in building Revolutionary Armed Forces to defend the people, localities, state authorities, the people's peaceful life, and the happiness of youth throughout the country against every destructive war activity of the enemies and to oppose and timely expose their maneuvers and psychological warfare. In the Army in particular, we firmly hope that, through this congress, [words indistinct] adopted by the congress, the youth movement and the Youth Union in the Army will further expand vigorously to fight and defend our beloved fatherland and to temper our youth and the Army to adhere to the behavior and traditions of the [words indistinct] and courageously brave all kinds of complex difficulties to score further brilliant successes in their tasks to respond to the attention and leadership of the party and state and the Youth Union Central Committee. This is also to respond to the people's assistance and the parents' care to be worthy of excellent children of the fatherland and continue to expand the valiant traditions of the revolutionary army.

The building of Youth Union structures and youth movement in the Army in the past was not without shortcomings. We hope that the Youth Union Central Committee will continue its assistance and guidance to the Youth Union organization in the Army to score more results in every revolutionary task and to be worthy of youths' school for teaching communist doctrine. We firmly hope that the close cooperation between the Youth Union Central Committee and the National Defense Ministry General Political Department will be steadily expanded to [words indistinct].



I would like to praise the emulation movement of the Youth Union Central Committee, in particular [words indistinct] fatherland which the Youth Union has clearly stated for Youth Union's organizations to implement well 5 tasks:

1. Promote the movement of youths joining the Army;
2. Encourage youth to take part in the national defense labor to build defense lines to protect the fatherland;
3. Pay attention to tasks in the rear battlefield;
4. Implement well the task of fighting the enemies and win over them under the slogan: Where there are Youth Union members, there will be no hidden enemy elements and youths defecting to the enemies;
5. Youth Union members in the Army should heighten their resolute spirit of fighting the enemies and win in every circumstance. They should serve as core in building strong and disciplined units [words indistinct]. We hope [words indistinct] and youth movement will make appropriate contributions to firmly defend our socialist fatherland and contribute to building strong and clean Cambodian forces worthy of being the people's Army born from the people and for the people. [Applause]

/12858

CSO: 4212/22

BRIEFS

**GREETINGS FROM MOZAMBIQUE FOREIGN MINISTER**--Comrade Kong Korn, minister of foreign affairs of the PRK, recently received a message of thanks from Comrade Pascoal Mocumbi, minister of foreign affairs of the People's Republic of Mozambique. The message noted: I am honored and very pleased to receive your congratulations on my appointment as the foreign minister of the People's Republic of Mozambique. Availing myself of this auspicious occasion, I would like to thank you and assure you that I will make every effort to strengthen the traditional friendship, solidarity, and cooperation that exist between our peoples and governments for our mutual interest. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 19 Feb 87 BK] /12858

**DRY-SEASON RICE PRODUCTION IN PRK**--By mid-February, peasants throughout the country planted about 88,342 hectares of dry-season rice or 55.21 percent of the plan. The process of rice production this year is slower than in the past year. During the same period, the Agriculture Ministry provided the peasants with 2,728 metric tons of urea fertilizer, more than 300 metric tons of 16-20-0 fertilizer, and nearly 22,000 liters of insecticide for use in intensive cropping. The best producer of the dry-season rice is Kompong Speu Province which so far planted more than 1,796 [figures as heard] hectares or 113 percent of the plan. This planted rice included about 90 percent of the IR rice variety. Kompong Speu Province is proceeding with its production on arable land. Kandal Province planted more than 19,400 hectares, Takeo Province planted 20,800 hectares, Prey Veng planted 14,000 hectares, and Kompong Cham Province planted more than 11,000 hectares. [Text] [Phnom Penh Domestic Service in Cambodian 0430 GMT 28 Feb 87 BK] /12858

**BANTAY SREI RETURNEES**--In 1986, authorities and people in Banteay Srei District of Siem Reap-Oddar Meanchey Province persuaded 85 misled persons to return to their families and the national society. These returnees brought 56 assorted weapons and some war materiel to the local authorities. [Excerpts] [Phnom Penh Domestic Service in Cambodian 0430 GMT 4 Mar 87 BK] /12858

CSO: 4212/22

## BRIEFS

OPPOSITION TO ECONOMIC PROGRAMS REPORTED--On its front page, HANOI MHI reports that in 1987 the city people's central sector has detected and promptly dealt with crimes hindering the implementation of the three major economic programs. It has opposed negativism that restricts creativity and dynamism in production. It has also opposed abusive acts of those who oppress honest people. [From the Press Review] [Text] [Hanoi Domestic Service in Vietnamese 1000 CMT 6 Mar 87 BK] /17858

CSO: 4209/314

## BRIEFS

TRADITION, PRESTIGE PRIZE--EDICION, the publisher of INTERNATIONAL COMMERCE magazine, following consultations with many import-export, products consumption, and business reference organizations, decided to award the international 1986 Tradition and Prestige Prize to SEAPRODEX, the Sea Products Import-Export Corporation of the Ministry of Marine Products. This annual prize is awarded to only a few corporations that have attained high Tradition and Prestige standards. The ceremony in which the prize was awarded took place in Madrid, the capital of Spain. [Text] [Hanoi NGOAI THUONG in Vietnamese 10 Dec 86 p 4] 5598

CSO: 4209/249

POLICY DEALS WITH GIFTS SENT HOME FROM OVERSEAS VIETNAMESE

Hanoi NGOAI THUONG in Vietnamese 10 Dec 86 p 2

[Article by Nguyen: "Seeking To Understand Implementing Our Country's Gift Policy"]

[Text] Responding to the legitimate needs in the sentimental relations between overseas Vietnamese and their relatives living in our country and encouraging them to send home money and goods in the form of gifts, our party and state have adopted a policy for this gift relationship.

In Decision No 151/HDBT, dated 31 August 1982, of the Council of Ministers on "the families having relatives now living in foreign countries outside of the socialist system to receive money and goods sent from these relatives," article 1 states: "The state welcomes and encourages the Vietnamese now resettled in foreign countries outside of the socialist system to send home money as contributions to the national construction. The families having relatives now living in foreign countries are allowed to receive money and goods from these relatives."

Money sent home from overseas Vietnamese is not limited in terms of amounts and number of times and through the Vietnamese state bank is converted into Vietnamese currency at special rates of exchange aimed at encouraging such transactions. Recipients are allowed to draw this money in specified monthly amounts (set by the state) for their living and daily activities, or to draw more than the monthly amounts set by the state under these circumstances: contributing capital along with the state or collective to production and business, or having legitimate need for some major spending, such as construction of a house, funeral, wedding, and so on.

In the case of goods being sent home as gifts, there generally are some restrictions. The state encourages importing only the goods that are the means of production to be used by production organizations (in accordance with their request); other kinds of goods like weapons, strong chemicals, opium, canned goods, scientific, technical, economic, and political materials, and any goods under centralized state management are strictly prohibited, even if they are imported as gifts (generally speaking, other countries in the world have the same restrictions); and raw materials to be used in economic sectors, pharmaceutical products, and cultural goods can be imported if permission has



been granted by the responsible state management organs. Other consumer goods are sent and received in accordance with the quantities, values, and number of times per year set by the state, but there are no limits for gifts contained in small packages (they still have to comply with the values that have been set and cannot be any items in the list of prohibited import-export goods).

In addition to applying the policy on the taxes imposed on nontrade import-export goods, the regulations on management of gifts have contributed to regulating the legitimate consumption of recipients.

Generally speaking, overseas Vietnamese and their relatives at home have welcomed the promulgation of the gift policy of our party and state and have been implementing it.

However, because the understanding of this policy is far from total and absolute and because the responsible state organs have been slow in revising the old regulations to suit the new policy, many overseas Vietnamese and their relatives at home have not yet correctly implemented the now effective gift policy.

Some overseas Vietnamese have been seeking personal gains by doing everything possible to send home large quantities of goods as gifts. The latter are not realistic consumer goods necessary for the daily life of recipients but are rather expensive items for resale, for trading, and being demanded at high prices in the domestic market. These illegal trading activities have been helping to make prices skyrocket, influencing market management, and creating more problems and difficulties for the economy and social life. This situation has led to changing gifts into supplied goods, which in turn become illegal-trade and smuggled goods transported across our borders.

Some others being either taken advantage of or hostile to our system have distorted the policies of our party and state on overseas Vietnamese in general, and on gifts in particular, and have been seeking every possible way to undermine our country's political, economic, and social order. This includes such activities as establishing "ghost banks" (sending money home without going through the state's official bank) to pay for goods sent home as gifts; actively stepping up illegal business in the country, as well as illegally transporting smuggled goods and money-goods across our borders; bringing various kinds of decadent and reactionary cultural goods into the country; urging people through propaganda and persuading them to flee the country, and so on. According to a Cultural Management Office report, the ports of entry of Ho Chi Minh City every month confiscated 200-300 pieces of bad cultural goods. In the first 6 months of 1986 alone, they seized more than 3,300 pieces of harmful cultural goods (including 625 video tapes).

The negative activities of those people have created indignation among the majority of overseas Vietnamese and in our society as a whole.

In order to contribute to properly implementing the gift policy of our party and state, we must further step up education and propaganda to popularize this humane policy in associations of overseas Vietnamese and among their relatives in the country. The state management organs responsible for organizing

correct implementation of this policy must reconsider current regulations within the extent of their authorities, or recommend that the Council of Ministers make decisions about management procedures suitable for the gift policy. As an immediate step, reconsider and study anew current rates of exchange (rates used for exchanging foreign currencies for Vietnamese currency), and set limits to quantities of goods allowed to be received each time and money to be drawn from the bank (because prices now show constant changes, particularly following exchanges of currencies). As to high-class consumer goods like motorcycles, television sets, radio cassette recorders, and so on, and various luxury items, which do not suit the overall life in our society today, we should temporarily terminate their being imported through the gift channel. At the same time, properly organize services aimed at serving those families having received money from their overseas relatives to buy goods for legitimate needs (including motorcycles, television sets, radio cassette recorders, and so on). While organizing the above-mentioned activities step up the struggle against negative aspects in connection with implementing the gift policy.

5598

CSO: 4209/249

## BINH TRI THIEN COMMITTEE SETS 1987 TASKS

BK100605 Hanoi NHAN DAN in Vietnamese 13 Feb 87 p 3

[Anh Trang report]

[Text] The party committee of Binh Tri Thien Province recently met to discuss the orientation and tasks of the 1987 socioeconomic plan and to devise measures aimed at promoting the production of grain and foodstuffs, consumer goods, and export articles.

Last year, fairly satisfactory progress was made in the socioeconomic situation of the province. Many key targets in the production, business, cultural, and social domains were fulfilled; crop cultivation patterns were gradually made more rational; and livestock raising, forestry, and fishery were developed. The value of industrial, small industrial, and handicraft output increased by 13.1 percent over 1985; production of consumer goods was up; and the value of exports hit the 17 million rubles/dollars mark, exceeding the plan by 11.8 percent.

However, the socioeconomic situation still faced acute difficulties. Production increased slowly; grain was in short supply; production of consumer goods was able to satisfy only 50 percent of the minimum demands; and many production and business economic units were chronically in the red. The output of equipment and machinery was very low. The distribution and circulation front remained a burning one; socialist production relations were not strengthened; and production, business, and managerial organizations were bulky and overlapping.

After dissecting the causes of these shortcomings, drawing lessons of experience in leadership and guidance, and working out measures to overcome deficiencies, the provincial party committee affirmed that the foremost task of the 1987 plan is for Binh Tri Thien to concentrate its efforts and capital on promoting production of grain and foodstuffs, consumer goods, and export articles.

Concerning production of grain and foodstuffs: Fully imbued with the new spirit of the resolution of the Sixth Party Congress, the province has set forth policies aimed at fully exploiting its potentials, labor and land to achieve fresh progress on the grain production front along the line of

intensive cultivation, multicropping, and planting crops on the entire planned area and by attaching equal importance to both rice and subsidiary food crops. In those places where the cooperatives and production collectives cannot grow crops on the entire planned area, they must turn over the land to families, army units, state organs, state farms, state forestry site, and schools. Land must absolutely not be allowed to lay fallow. In this spirit, in 1987 Binh Tri Thien will strive to grow 224,211 hectares of grain crops, up by 15.5 percent compared to 1986, with rice increasing by 13 percent and subsidiary food crops by 21.4 percent. This is aimed at obtaining 490,000 metric tons of grain in paddy equivalent (that is, 40,000 metric tons in excess of the plan assigned by the central government and up by 50,000 metric tons compared to 1986), with subsidiary food crops accounting for 140,000 metric tons, or 29 percent of the total grain output. To achieve this grain production target, Binh Tri Thien will resolutely suspend or postpone the construction of unfinished projects or new projects unsuitable to the new economic structure, including the projects built with the self-procured capital of various sectors and localities. The province will increase the amount of capital investment in agriculture from 16.76 percent in 1986 to 41.45 percent in 1987. It will pay attention to making in-depth investment for improving the soil, rural construction projects, raising the capacity of the existing water conservancy projects, urgently [garble] and putting into operation water conservancy projects currently under construction so as to ensure the irrigation of 70,000 hectares of 5th-month spring rice and more than 50,000 hectares of summer-fall rice and the drainage of nearly 20,000 hectares of winter-spring rice and 8,000 hectares of summer-fall rice. Aside from the amount of insecticides and fertilizer provided by the central level, the province will set aside foreign currency for importing 300 metric tons of insecticides and fertilizer to ensure the supply of 65,000 metric tons of chemical fertilizer for agriculture, with 49,000 metric tons to be set aside for rice cultivation. At the same time, the province will adopt a policy to promote production of large amounts of stable and green manure and to encourage the peasants to widely use the Ang Son phosphate fertilizer produced locally.

Along with repairing the existing tractors and while organizing well their use, the province has plans to balance the animal draft force among the various zones, giving priority to the newly built high-yield crop area of more than 30,000 hectares in Le Ninh, Trieu Hai, Huong Dien, and Huong Phu Districts, and Hue City. Materials have thus far been shipped to primary production installations, meeting most of the demands of cooperatives and peasants in this 5th-month spring crop season.

While actively producing grain, the province has vigorously stepped up animal raising and the planting of vegetables and legumes in order to better meet the people's demands for food, and has comprehensively developed the raising of livestock, poultry, and fish in all the three state-run, collective, and household areas. Special attention has been paid to resolving the problem of feed, consolidating the seed supply installations,



and expanding the network of veterinarian and technical service to support animal raising. This year, Binh Tri Thien strives to increase the herds of cattle to 135,000 head (a 6.8 percent increase) and of pigs to 525,000 head (a 2.5 percent increase as compared to 1986 figure), to raise fish in the area of 3,000 hectares of water ponds, to grow 315 hectares of seaweed, to catch 25,000 metric tons of marine products, and to process 3 million liters of fish sauce, 400 metric tons of refrigerated marine products, 100 metric tons of fresh marine products and 200 metric tons of seaweed for export.

The production of grain and food products is closely connected with the comprehensive development of agriculture along the guidelines of "the state and the people work together" and of "using short-term crops to grow long-term crops". The province has adopted incentive policies to quickly develop the planting of short-term industrial and subsidiary food crops such as sugar cane, peanut, tobacco, and green pepper, and to broadly develop the planting of long-term crops in the domains owned by the state, collectives, socioeconomic units, and the people's families. Areas of specialized cultivation have been established to grow pepper in Ben Hai, coffee in Huong Hoa, rubber in Gio Linh, Le Ninh, and Phu Quy; tea in Nam Dong and Ben Hai; rush in Le Ninh, Huong Dien, and Bo Trach; and tung plants in Tuyen Hoa. Effort is made to increase the area of industrial crops from 9.6 percent (1986) to 12 percent or more (1987) of the total cultivated area and to achieve the value of agricultural exports from 35 to 40 percent of the total export quota, an increase of 10 percent over 1986.

With regard to consumer goods, the provincial party committee has decided that, effective this year and for a few subsequent ones, effort will be made to be self-sufficient in some of the consumer goods and to secure conditions for locally producing some wooden wares, towels, mosquito nets, soap, common metal goods, and some plastic and rubber wares. In 1987, the province strives to give the maximum supply of raw and other materials, energy, and foreign exchange to some state-run enterprises such as the Phu Xuan textile plant, the Thuan Hoa tobacco and rubber factories, and the popular wooden ware factory for the production of consumer goods. At the same time, the province will institute policies concerning grain tax, material supply, the mobilization of the people's assets, and the consumption of products in order to encourage cooperatives, cooperation units, and households to expand their handicrafts trades and jobs to produce more consumer goods. The province will boldly invest in renovating equipment and products and in importing additional high-quality yarn for the manufacture of knitwares and silk clothing items.

In 1987, the province will strive to reach 2.2 million meters of assorted clothing fabrics (three times the 1986 figure), 3 million knitware items (a six-fold increase), 390,000 bicycle tires and inner tubes, 350 metric tons of paper (a 75 percent increase), 1,100 metric tons of soap (an 83 percent increase), a 25 percent increase in porcelain wares, and a 14 percent increase in rush products as compared to 1986 figures. Effort



will be made to vigorously develop the production of popular wooden wares, palm leaf conical hats, head gear, shoes, sandals, and refreshment drinks. In 1987, the value of industrial production of consumer goods must increase by 10 to 15 percent over the 1986 figure in order to meet 60 percent of the demands for locally made consumer goods.

With respect to exports, in 1987 while developing the tapping of agricultural, forestry, and maritime products, the province will expand the production of handicrafts and fine art items such as rattan and bamboo wares, wooden furniture, wooden flooring slabs, and chairs from locally available materials. It will fulfill the central government orders for knitwares, trying to bring the value of export quota to 20 million of rubles and dollars, an increase of 12.5 percent over the 1986 figure including 35 percent of agricultural products, 20 percent of forestry products, 11 percent of maritime products, and 34 percent of handicrafts and artisan industry items. The province will produce more export goods, expand tourism, and institute policies to encourage overseas Vietnamese remittances. Binh Tri Thien Province will carry out the following measures to attain the aforesaid targets of export quota:

--Make uniform investment in and secure necessary material funds for the production of export goods while creating a concentrated source of goods and organizing the procurement of products from among the people in order to increase the amounts of exports.

--Institute incentive policies to ensure that exports production units and producers get some profits to recycle and expand production and stabilize their livelihood and to reward those units and individuals who overfulfill the export plan norms.

--Have some policies to advance some cash, materials, fertilizer, insecticide, and grain to the people, creating conditions for them to have peace of mind in producing export goods.

--Improve the distribution of right to use foreign exchange to various localities and primary installations in order to stimulate producers of exports and to discontinue the practice of exchanging exports for imports to gain profits from the difference in prices.

--Assign more cadres to the export corporation, correctly discharge the function of state management control over export and import, and put an end to the situation of competitive sales and purchases which send prices soaring, disrupt the market, and cause losses of exports.

/12858

CSO: 4209/314

## VINH PHU PROVINCE SETS REGULAR MEETINGS WITH MASSES

BK100755 Hanoi NHAN DAN in Vietnamese 16 Feb 87 p 3

[Report by Nguyen Thanh Long]

[Text] Implementing the system of regular meetings between leading party cadres and the masses, a number of district and municipal party committees of Vinh Phu Province have, over the past few years, set up schedules for a variety of meetings with the people. Some have fixed meetings once a month, others twice a year, or on occasions when they are preparing to issue of some decisions.

These meetings, although carried out in a limited and diversified manner in terms of form and content, have brought about the following results:

1. Through these meetings, the laboring people are encouraged and happy and have more confidence in the party leadership since there is no longer a gap between them and the authorities. Obstacles facing the people in production and in implementing various policies and positions, especially socioeconomic policies, have been clarified and solved on the spot. Unclear and pending problems will be gradually solved. There is no more negligence and hollow promises.
2. Through their meetings with the masses, various party committees--the organizers of these meetings--have realized the real situation and obstacles to implementing various tasks. They are therefore able to promptly solve problems that arise. For this reason, in implementing the political task, they do not face the problem of providing a solution but experiencing problems in its implementation.
3. In these meetings, the people will raise a variety of questions and problems. Therefore, all party committee members who organize such meetings must, first of all, firmly grasp the party positions, policies, and solutions as well as the content of the state law. Moreover, through ideas and discoveries on negative phenomena given by the people, various organizations and cadres can prevent such bad practices as authoritarianism, seeking for self-interest, and embezzlement.

4. Questions raised by those attending the meetings must be answered on the basis of the party policy and the legal point of view. Thus, when the people understand the issue, they then have a firm base to disseminate it further to other groups of people. As a result, those bad elements who do not catch up with the situation cannot distort the fact while the people correctly understand the party policies and positions.

Developing the system of regular meetings between leading cadres and the masses, the Vinh Phu provincial party committee has established a regular fixed schedule for these meetings and regards this as a renovation of the leadership style of party cadres and party committee members. In commemorating the 57th founding anniversary of the CPV, the provincial party committee has urged leading party cadres and party committee members from districts, cities, and towns to pay visits to and hold regular meetings with the people of all strata at grass-roots units annually on various anniversaries--3 February, 19 May, 27 July, 2 September, and 22 December. The provincial party committee also urged various echelons to seriously solve problems raised by the people.

Carrying out the system of regular meetings with the masses, on 3 February party cadres of various echelons of the province disseminated to the local people the results of the Sixth CPV Congress and the three major economic programs of the provincial party committee. The people, in return, contributed ideas to strengthen the party and made preparations to participate in the movement to purify and improve the militancy of basic party organizations, to enhance the effectiveness of state apparatus, and to accelerate and strive to fulfill the 1987 political task in the early months of the first quarter and early weeks of the winter-spring production crop of this year.

/12858

CSO: 4209/314

## VUNG TAU-CON DAO SOCIOECONOMIC TARGETS ADOPTED

BK110510 Hanoi NHAN DAN 1r Vietnamese 20 Feb 87 p 3

[Report by Tran Sinh]

[Text] The Executive Committee of the Vung Tau-Con Dao Special Zone Party Committee held a conference recently to set forth targets and tasks and to discuss measures for carrying out its 1987 socioeconomic development program.

Firmly grasping the new spirit of the Sixth National Party Congress and the Special Zone's Second Party Organization Congress, looking at the facts, and attempting to vigorously develop the self-reliance impetus and the tradition of unity, the conference carefully analyzed numerous difficulties of the zone caused by the prevailing economic imbalances and instability in the people's daily life. The conference frankly conducted criticism and self-criticism on deficiencies and shortcomings in leadership and in the implementation of various tasks during the past year, especially of the socioeconomic management task. The conference also clearly pointed out new favorable conditions and factors, drew on past experience and lessons for carrying out the 1987 tasks. To satisfactorily carry out these tasks, the conference stressed that it is necessary to firmly grasp the present situation and content of resolutions of the Sixth CPV Congress and the Second Congress of the Special Zone in order to carry out the three major economic programs and apply them to the implementation of the zone's economic building tasks for 1987 and the years ahead. Main tasks for implementing the 1987 plan include efforts to strengthen all available production capability, exploit all latent potentials of the country, and effectively use international assistance and cooperation to develop the production force, while building and consolidating the socialist production relations.

The 1987 plan of the Vung Tau-Con Dao Special Zone is aimed at concretizing and implementing the three major economic programs in the real situation of the zone. These include tasks to integrate efforts to serve the exploitation of oil and natural gas, exploit more effectively all its economic strengths in marine products, tourism, and import and export. Regarding economic supervision, the conference stressed that: We must pay special attention to production, but must not neglect business activities and services

(tourism, import, and export). Production, business, and services always have close relations and support one another, thereby creating a combined strength that will help improve the people's daily life and provide more jobs for workers.

The conference set forth orientation, targets, and measures for carrying out the 1987 socioeconomic tasks which include efforts to serve the areas of oil and natural gas exploitation, production of marine products, tourist business, import and export, agriculture, small industry and handicraft, industry, agro-forestry-fishery, communications and transportation, capital construction, distribution and circulation, socialist transformation, science and technology, culture, social welfare, national defense, and motivation of the masses. The conference also urged the special zone to strive to develop the working people's rights to collective mastery, enhance the effectiveness of various echelons of the administration, and strengthen the leadership capability and militancy of various party organizations.

The conference affirmed that efforts to serve the exploration and exploitation of oil and natural gas is the key task of the special zone. The zone must surge forward to satisfactorily carry out this task while striving to develop the work of other economic sectors. The zone must further develop the marine products sector to fulfill the production target of 35,000 metric tons of marine products, of which 1,700 metric tons of shrimp are for export. The zone must also rearrange the production work of the state-run Con Dao fishing enterprise in accordance with the joint enterprise model (comprising three enterprises namely fishing, boat repairing, and material supply enterprises), and vigorously develop the people's fishery by providing them with more loans, support, and services. The zone must expand its joint ventures with various provinces, cities, and the central sectors to better exploit its potentials in marine products, especially shrimp rearing in Long Son and Phuoc Co.

Tourism, the promising and long-term economic task of the special zone, will be exploited more comprehensively in order to gradually and satisfactorily meet the demands of tourists both at home and from abroad. To carry out this task satisfactorily, it is necessary to maintain a close coordination, cooperation, and a rational division of responsibility between the central and local tourist sectors in order to expand tourist sites, organize courses to enhance the professional skills of tour guides, and formulate policies on developing tourism. The special zone must formulate regulations to urge various responsible sectors and echelons to strive to beautify various streets, teach the people to lead a civilized life, and turn the special zone into a real place for rest and recreation and an ideal and attractive place for tourists both at home and from abroad.

The special zone must continue to accelerate imports and exports in order to better exploit its economic strengths. With a view to increasing the volume of export goods quantitatively and qualitatively and to improving



the effectiveness of foreign currencies use, the zone will invest more in production and in export and import in order to establish a firm base for the production of export goods. The zone must expand its joint ventures with the central sectors and other localities to produce more basic goods for local consumption and for export. It must satisfactorily provide better services and more vessels to production units to produce more goods for export. The zone must carry out a policy aimed at gaining overseas remittances in order to encourage Vietnamese residents abroad to send home money, materials, and equipment to invest in production establishments, while striving to increase the capacity of various ports in handling the transport of oil and natural gas as well as in loading and unloading import and export goods.

The special zone, on the basis of accelerating production activities and services, must create more jobs for workers and further improve the daily life of cadres, workers, civil servants, the armed forces, and the laboring people in the zone.

The Special Zone Party Committee has assigned the Economic Committee, the zone's Economic Planning Commission, and sectors concerned to study and formulate concrete plans and effective measures to fulfill the targets of the 1987 general plan in order to further stabilize the socioeconomic situation of the zone.

/12858

CSO: 4209/314

## BRIEFS

GOVERNMENT ADJUSTS BOUNDARIES--The Council of Ministers recently issued a decision adjusting the administrative boundaries between An Hai District and Ngo Quyen Precinct of Haiphong Municipality as follows: Dang Giang and Dong Khe Villages of An Hai District are changed into two wards of the same names of Ngo Quyen Precinct. An Hai District still has 23 villages and 2 towns and is confined by the Cua Cam River on the east, by Ngo Quyen Precinct on the west and the north, and by Do Son District on the south. Ngo Quyen Precinct is composed of 12 wards and is confined by the Cua Cam River and An Hai District on the east and north, by Hoang Bang and Le Chan Precincts, and An Hai District on the west, and by Do Son District on the south. [Text] [Hanoi Domestic Service in Vietnamese 1430 GMT 6 Mar 87 BK] /12858

RECRUITMENT OF NEW PARTY MEMBERS--According to the Hoang Lien Son paper, the party chapters in the province have recently been paying attention to the task of developing party membership. Tran Yen and Than Uyen Districts, the province's military party committee, and the party committee of Yen Bai have been attentively providing guidance for this task since the beginning of the year. As a result, the number of good people selected for training and testing in order to become qualified for party membership is higher than that of other localities. In 1986, the province recruited 1,074 new party members including 15.7 percent of female members, 15.8 percent of ethnic minority members, 12.5 percent of worker origin, and 18.6 percent of scientific and technical cadres. [Text] [Hanoi Domestic Service in Vietnamese 1430 GMT 6 Mar 87 BK] /12858

CSO: 4209/314

## INCREASE IN CONSUMER, EXPORT GOODS URGED

Hanoi NHAN DAN in Vietnamese 2 Jan 87 p 2

[Article by Pham Thanh: "Consumer Goods Program: Hope and Prospects"]

[Text] Consumer goods production in 1986, if fairly evaluated, should mark notable progress over the last 5 years. The volume of production increased two-fold, with state industry and small industry and handicrafts achieving an average annual production growth of 10.4 percent and 14.7 percent, respectively. It can be said that consumer goods of high value and high usability have turned up in the market, including electronic, mechanical, and metallic items, chemical resins, earthenware, glassware, fabrics, ready-made garments, ceramics, and furniture. More than 5,000 new and improved products were on display at the Third Vietnam Economic-technical Fair. There, metallic consumer goods and artistic handicrafts truly exemplified the great potential of our production installations in work skills, equipment, and advanced industrial methods. In recent days, many stores operated by the state, collectives, and even individuals have put on sale a wide assortment of processed foods, fabrics, clothing, footwear, household utensils, school furnishings, and cultural products in various styles, patterns, and colors. That many installations producing consumer and export goods in the spirit of fostering production and business autonomy have made an extensive rejuvenating effort--upgrading existing commodities and turning out new ones--and have begun to link production with domestic needs and foreign orders is a good sign. Basically, many bicycle parts produced by Hanoi and Ho Chi Minh City; various brands of stain, oxford cloth, gauze for mosquito nets, and hand and facial towels of the Nam Dinh silk weaving mill and the Thanh Cong, Phuoc Long, and Minh Khai weaving mills; earthenware and ceramics of Ho Chi Minh City, Hai Hung, Dong Nai, Song Be, and Thanh Hoa; and the leather and imitation leather goods and plasticware of Hanoi and Haiphong have met consumer needs and tastes.

In general, however, consumer goods continue to be scarce. More scarce are high-quality commodities. In the past 10 years, our population has increased by 12 million and consumer demands have become more diversified. Highlanders want black fabric and embroidery yarn; people in the delta and along the coast crave colored fabrics, good bicycles, and batteries for their radios; urban needs are different from rural needs; each age group, sector, and craft has its own needs; and undoubtedly foreign goods entering the country from various sources have had an impact on consumer psychology, leading to a natural penchant for holding up imports to domestic goods.

Next to foods are consumer goods for nearly 60 million people. The three great economic programs put forward by the Sixth CPV Congress are a seething answer to the people's life and the nation's economy. It falls to the entire party and people to accelerate the production of grain, food, and consumer and export goods; nevertheless, the main task of light industry, small industry, and handicrafts is to make consumer goods, ensuring not only abundance and diversification but also durability, refinement, convenience, and affordability in keeping with the laborers' pocketbooks. The political report of the CPV Central Committee to the party congress clearly points out: "We should bend over backward to produce enough ordinary goods for the people, process enough agricultural, forestry, and marine products, rapidly increase contract and noncontract production of export goods, turn out new products to serve various consumer needs, fully exploit all sources of raw materials and discards, and purchase raw materials from foreign contractors...."

In light of such a huge potential, we can create a large quantity of consumer goods simply by renovating our economic thinking, leadership style, production approach, some policies on economic contracting, product delivery, and provision and raw material supply, and by improving the system of wages and prices. Enterprises taking the lead in economic accounting, socialist business, self-supply, and self-development--the Thanh Cong and Phuoc Long weaving mills, the Nam Dinh silk weaving mill, the Thanh Hoa cigarette factory, and the Binh Tuy vacuum bottle factory--have offered a valuable experience, relying on themselves to rejuvenate technology, create a stable source of raw materials, and multiply wages and state capital. To increase the quality and quantity of consumer and export goods, we should promptly rearrange production and achieve production and a business association between the central government and localities, between two or more localities, between our country and others, between the state and collectives, and between the state-collective sector and the family economy.

It devolves upon all sectors, echelons, and installations to exploit various production capabilities, economic components, and sources of supplies and raw materials fully to make consumer goods. To do so is to implement the resolution of the Sixth CPV Congress. The year 1987 should mark a strong surge in the battlefront of consumer and export production.

9213/9738

CSO: 4209/280

## REASONS FOR COMPETING IN BUYING, SELLING OF GOODS EXPLAINED

Hanoi NGOAI THUONG in Vietnamese 10 Dec 86 p 3

[Article by M.T.: "About the Phenomenon of Competing in Buying, Selling of Goods"]

[Text] From time immemorial, in the exchanging of goods among people, competing in buying and selling and arbitrarily setting grades and prices of goods is just a common happening. The reason is that sellers always want to get high prices for their goods while buyers look for market changes that allow them to buy at lower prices and to reduce costs so as to make profits. Because this happening always exists in society, theoreticians have found the laws that regulate it--the laws of value and supply-demand. These laws affect the production and exchange of goods.

Since we know all that, what is the reason for discussing it?

What we need to discuss here is why in such a socialist system as our country's the competition for export goods has been so excessively "developed" and is being made part of the agendas of many conferences.

What actually happened was that since 1981, when many localities (provinces and municipalities) were authorized to directly engage in import and export activities, many districts have been making purchases as permitted, and making import-export assignments has been linked with the measures aimed at stepping up production of export goods and purchasing more export goods. In order to be in a stronger position to make purchases, many localities quickly set up goods-purchasing funds consisting of many kinds of imported items that were in great demand, such as monosodium glutamate, good-grade cotton materials, television sets, radio cassette recorders, motorcycles, and so on, and of large amounts of cash. When they had that kind of strength to use, they deliberately ventured into other localities to purchase goods with total disregard for regulations. As for the goods that would sell at high prices in international markets, they raised purchase prices so much that even producers could not believe their ears as they heard the prices they offered. At present, coffee costs nearly 1,000 dong a kilogram; fresh shrimp, 700-800 dong; and pepper, up to 1,400 or 1,500 dong. And no matter how far, they were ready to purchase goods and to pay high transportation costs. That was the reason why hoi (*Illicium verum*), cinnamon, bastard cardamom, sandalwood, and



coffee were brought all the way from the northern border provinces or from the Central Highland jungle areas to the districts, precincts, and delta in the southern part of the fatherland. The methods used in the competing efforts were varied: raising prices, giving attractive items in exchanges of goods, giving deposits before harvest time, or setting prices on the basis of weight so as to attract purchasing organizations elsewhere, private business people, cadres, and troops, who would bring goods over to sell or to exchange for other items.

Many localities which had failed to buy the goods they wanted because of competitors or found that the goods they had produced were brought in large quantities to other localities became angry and immediately took action by stopping the flow of goods, tightening market management, and setting up additional checkpoints to control the movement of goods. But it was not very effective. In some localities people died in clashes in the so-called shrimp, coffee, pepper, and sandalwood "wars."

The harm caused by competing for purchases of goods was very obvious: Prices of valuable export goods were rising very quickly, and with them were prices of other goods, while the huge volume of cash made available in the market helped to lower the value of our currency, with suspicion being generated among localities. As to production, although it was expanded in the case of some crops and products we raised that were in temporarily great demand, such as pepper, coffee, shrimp, peanut, and so on, many other crops like lotus seeds, sugar cane, crops yielding medicinal materials, jute, and so on perished because of price fluctuations in international markets. Consequently everything from production to prices and markets remained unstable and dependent on the fluctuating international capitalist market. In the meantime, it was a boom for private business people and smugglers, who made more connections and used bribes to corrupt many cadres.

That was the phenomenon of competing for purchases of goods. What about competing for sales? Because our production was very small, our export also was small-scale. However, there were items that commanded high exchange value in international markets. Because of our small-scale operations, we were able to sell our products only to nearby markets like Hong Kong, Singapore, and Japan, besides the socialist markets, which remain the principal ones. The medium- and small-size firms that were doing business with us were just a handful. Meanwhile, we had a large number of sellers. For instance, there were dozens of people who offered to sell soybean cakes, sandalwood, and so on at very different prices. It was a situation of "too many people at the wholesale end, too few at the sales end," which made it very hard to avoid arbitrary grading and pricing of goods. As a result, prices of many of our export items decreased excessively in international markets, and some items even remained unsalable and had to disappear from the latter. Meanwhile, many newly-established local import-export corporations lacked the right sources of information for them to know all the price trends of the capitalist market, where daily fluctuations were like daily tides. These corporations would simply calculate how much to buy, how much to be able to sell, and what goods to import and how much to resell them to make profits. This was very true in precinct and district corporations. Because they were too new in the field of foreign trade, they failed to analyze from a good perspective the effects of

foreign trade activities on the economy and in most cases were simply looking at either losses or profits.

Let us look for reasons and find a way to resolve this situation.

In the last few years social opinion was condemning that evident "competing for purchases and sales" phenomenon. But as we carefully analyzed the reasons and looked for the right measures to resolve it, we encountered different opinions:

Some people believed that it was a manifestation of localism, provincialism, liberalism, lack of organization, indiscipline, and business solely aimed at making profits. And they arrived at a solution calling for issuing resolutions and directives on "prohibiting competition for purchases and sales," "strengthening market management," "seriously observing price discipline and seriously adopting the cash fund system," and so on. But this solution was carried out for the last few years, without any decline of the competing situation. For the people who were competing with one another in purchasing and selling goods had not been heeding the "prohibition orders" as something that would affect them. They had to observe a discipline of higher order--the discipline of money--and to obey a supreme order, the order of "profits."

In the Soviet Union, in this kind of reform they have also realized that a rule in the production of goods was "the orders from the ruble must be superior to any bureaucratic administrative orders."

Other people thought that the reason why the "competition for purchases and sales" has become so fierce since 1981 was that all localities were suddenly permitted to directly engage in import and export. On that basis they concluded that in order to avoid this competition, the decision to allow local import-export activities should be repealed. The system of state monopoly in foreign trade then should be seriously carried out in a unified manner throughout the country.

With this opinion, let us look back at the period before 1980 when there existed a very serious stalemate in our efforts to maintain balance in our economy. The above opinion makes us think of a man who threw an egg into a wastebasket just because there was a stain on the shell of the egg which he thought was the sign of the egg being contaminated beyond being usable.

Then is there any other way to resolve this situation?

With the new economic thinking pointed out by our party now emitting new beams of light for us to ponder, we should try to find appropriate measures to correctly resolve the economic problems in general, and the competition for purchases and sales in particular. In my own opinion, I believe that this phenomenon has many reasons having to do with the economy and management:

First of all, this phenomenon originates from the laws of value and of supply and demand that exist in any production of goods. As long as it is in the category of laws, it bears the character of an objective necessity. Man can

only recognize it and put it to use to take advantage of its positive side and to limit its negative one. Because it is an economic phenomenon, it can be resolved only by taking economic measures as the principal means and combining them with administrative and educational ones. The two above-mentioned ways of resolving it are more administrative in character. It is like using a sword to cut off the head of a devil, but as soon as its head is cut off, another head appears. Because we cannot put an end to the things we prohibit, we get angry and take "childish leftist" measures that are unrealistic and lead to negative effects, which sometimes may be more serious.

Second, many localities and central general corporations carry on import-export activities on the basis of many different mechanisms and policies, particularly purchase price policies. Some localities adopt the "hard" mechanism, while others the "soft" one. "Hard" means doing business strictly on the basis of state plan goals, with goods and market being designated and bought at prices set by the state, which bears either losses or profits and compensates for any foreign-trade discrepancies. "Soft" means accepting to carry out the plan with fewer goals, the amount of foreign currency involved being almost unchanged, and profits being put into state funds, while the enterprise unit concerned is free to choose the goods it imports or exports, market, purchase and selling prices, and so on. When the "hard" mechanism is adopted, sometimes it is too hard and thus makes purchases of goods impossible. In the case of "soft" mechanism, sometimes it is excessively soft, to the point that the units concerned set purchase prices very high in order to send people to "the rear" of the localities that adopt the "hard" mechanism to get the available goods and freely use private business people as connections to have access to the supplied goods.

If the country as a whole adopts a unified business mechanism, instead of undecidedly going back and forth between "receiving state subsidies" and "doing one's own business" as it happens now, and if there are the same agreed prices, it will not be easy for anybody in one place to compete for goods in another place. An example is about pepper produced in Loc Ninh District of Song Be Province. This area each year produces nearly 1,000 tons of pepper. Everyday customers of all kinds--official and private business people--would come to see growers and offer to buy their pepper at 900-1,000 and even 1,200-1,400 dong per kilogram or to exchange monosodium glutamate for pepper, at the rate of 1-1.2 kilograms of the former for a kilogram of the latter. Although the foreign trade office of Song Be Province knew it could make profits, it could not buy pepper because the price the province has set for it to pay is only 600 dong/kilogram. If it exceeded that price, it would be disciplined. And pepper here has thus been going elsewhere.

If Song Be had adopted the "soft" mechanism as other localities have done, it could have retained the ability to invest in production, used agreed prices, and controlled its own sources of goods. Other localities would have found it difficult to invade its market.

Therefore, we must quickly abolish the "state subsidies" mechanism, adopt an appropriate business mechanism for the entire country, unify our price policies, and put an end to the subjective price setting that would not encourage production.

Third, we do not as yet have the necessary policy that regulates foreign trade profits. Just because of their adopting different mechanisms the business units that are authorized to both import and export can take profits earned from import to compensate for losses in export. Any units that get a large quota to import large quantities of high-order consumer goods and to sell them on the market can reap more profits than the ones that import large quantities of means of production (which must be sold at directed prices).

Because we do not have such a policy to regulate profits in a rational manner, the units that make lots of profits are free to use money and imported goods to raise purchase prices and to get hold of large quantities of goods for export.

Almost all countries in the world have been adopting tariff policies, setting appropriate rates of exchange for various kinds of goods, or granting export subsidies to the products that are sold at low prices on international markets. These policies have the effects of protecting production, helping to stabilize domestic prices and market, and reducing competition for goods through increased prices.

In order to abolish the state subsidies system and to achieve economic accounting and socialist business practices we must eventually apply these measures.

As we have seen, the phenomenon of competing for goods in import-export activities can exist and flourish only under the conditions of our being undecided in the task of management, in the twilight between "state subsidies" and "economic accounting-socialist business." We have not yet applied the common economic management measures that other countries have been applying. If in the near future the system of bureaucratic centralism and state subsidies is going to be abolished and new economic management measures, including the ones that are combined with administrative and educational measures, are taken, the state of competition in purchasing and selling goods will surely disappear and be replaced by a neat, orderly, and stable way of doing business.

At the same time, we also hope that our foreign-trade business people would know better and soon begin to invest more in expanding their production in order to create increasingly abundant sources of goods for export.

5598

CSO: 4209/249



## NHAN DAN URGES MORE JOBS FOR LABORERS

BK100627 Hanoi NHAN DAN in Vietnamese 10 Feb 87 pp 1, 4

[Editorial: "Provide Jobs for Laboring People"]

[Text] There are more than 30 million laborers in our country, constituting an important force ensuring the successful implementation of the tasks of building and defending the country. Satisfactorily organizing and using laborers is the prime factor in accelerating the development of production and rapidly increasing products for the economy, as well as the basis for preventing all social vices and negative phenomena at the source. Only by providing them with permanent and stable employment can favorable conditions be created for the laboring people to fully exercise their right to collective mastery in economic and state management.

The Sixth Party Congress resolution pointed out: "Ensuring employment for the laboring people, especially in cities, and for youths constitutes the foremost socioeconomic tasks. In the years to come, the state must strive to create more jobs and formulate a policy to enable the laboring people to create legitimate employment for themselves, carry out the rational division and distribution of labor in each area and on the national scale, and promulgate and enforce the labor law."

In recent years, many localities and sectors have begun to successfully exploit all latent potentials among various economic components--especially state-run and collective economic components--in terms of experience, production techniques, capital, and existing material and technical bases. They have also made the fullest use of all sources of raw materials to create more jobs for the laboring people. Within 6 years, Ho Chi Minh City has mobilized more than 700,000 people to go and build new economic zones and population centers, and set up 96 agricultural cooperatives and 9 state farms. Apart from state-run and collective economies, Haiphong has adopted many concrete measures to promote the development of the family economy in urban areas, thus creating permanent employment and relatively good income for more than 17,000 laborers. In Le Chan Precinct alone, as many as 11,000 families have been able to create employment for themselves and to turn out each year a volume of products and goods of great value. By ensuring sufficient employment for over 2,000 laborers, various small industrial and handicraft cooperatives in Ninh Hoa Township, Phu Khanh,



have in some years turned out a volume of products for society valued at more than 130 million dong, including 40-million dong worth of export goods.

Providing jobs for the laboring people is a fundamental and pressing issue. We must realize that as long as socialist industrialization remains incomplete, as long as our existing material and technical bases are still at a level that cannot help to absorb a large number of laborers into various production sectors and, particularly, as long as the rate of population growth still increases as rapidly as at present, it will be difficult or impossible for us to definitely solve the problem of employment for the laboring people. However, we should also realize that to achieve the various socioeconomic targets under the present situation, we must use the existing and constantly-replenished source of laborers in a most satisfactory and rational manner. Providing jobs for the laboring people must be the daily concern of all party committee and administrative echelons. In general, in all localities--especially cities--there are large numbers of laborers who are jobless or whose jobs are unstable. Theoretically we should be able to solve the problem of employment for the laboring people by setting up many large industrial enterprises and agricultural production establishments, but this would require substantial investment and a lot of time. The guideline for all cities and townships to solve this problem in the years ahead is to quickly expand various handicraft branches and trades, step up the production of consumer and export goods, and expand the service network. As for those rural areas with many "idle agricultural" laborers, it is necessary to invest additional human labor in intensive cultivation and multicropping, open more handicraft branches and trades, and mobilize a number of laborers, together with their families, to go to build new economic zones in their own provinces or in other provinces. Preparations for sending laborers to new economic zones must be carried out satisfactorily to ensure that when they get there they will have stable jobs and engage in production with practical results, and that their livelihood will be increasingly stabilized and improved.

Another guideline, that has begun to bring about economic results and help improve the professional skills and work ability of laborers, is the expansion of labor cooperation with foreign countries mainly by arranging for various sectors, localities, and establishments throughout the country to produce export goods on contract while sending a number of laborers to foreign countries, especially socialist countries, under many suitable forms. Various cities and some economic sectors can establish sisterhood or economic integration to help each other train workers and improve their professional skills under a long-term, defined plan. Our participation in the international division of labor must be focused first of all and mostly on expanding the relations of the division of labor and all-around cooperation with the Soviet Union and other socialist countries.

From now till 1990, we will have to solve the problem of employment for another 5 or 6 million youths reaching the work age in our country. To achieve this task, it is necessary to apply simultaneously the three forms

of creating jobs which involve expanding various branches and trades and production establishments to employ laborers on the spot, firmly ensuring all plans for the redistribution of labor and population in each region and on a national scale, and quickly expanding the forms and scale of labor cooperation with foreign countries. We must, by all means, acquire more supplies, raw materials, and energy and adopt suitable and appropriate material incentive policies to increase the operational output of machinery and equipment in combination with the efficiency of labor use at all existing production establishments. At the same time, we must ensure that laborers belonging to various branches and trades and different economic components are permanently and steadily employed and enjoy legitimate incomes to support their families. It is also necessary to intensify labor discipline and struggle resolutely against all unorganized and undisciplined manifestations and the failure to ensure high productivity, quality, and efficiency in labor.

Through various educational and organizational forms, all mass organizations, especially the Ho Chi Minh Communist Youth Union, must help youths acquire a correct concept concerning their responsibility toward national construction and eradicate among them a superficial outlook, the desire to undertake only easy tasks and to live near families and cities, and the hesitation in accepting the division of labor by society. It is necessary to promote the youth tradition that "youths are present wherever they are needed by the party and whenever there are difficult tasks" in order to encourage youths to participate in economic activities at various construction projects or new economic zones. All localities and sectors must rely actively and creatively on city wards and villages--the basic units--to firmly grasp the sources of labor and employment. They must also rely on their sources of funds and exploit their sources of raw materials to expand various branches and trades, to encourage all economic components to join them in creating jobs for the laboring people, and to formulate plans concerning social employment requirements in various socioeconomic programs that have been outlined by the Sixth Party Congress.

/12858

CSO: 4209/314

## HOANG LIEN SON SOCIOECONOMIC TARGETS REPORTED

BK110309 Hanoi NHAN DAN in Vietnamese 27 Jan 87 pp 1, 4

[Report by Nguyen Anh Binh]

[Text] The Hoang Lien Son provincial party committee recently held its first meeting of 1987 to study the Sixth Party Congress resolution and to outline a program of action. During the first days of January, the standing body of the provincial party committee assigned its members to various districts and basic units to assess the socioeconomic situation on the spot and to provide guidance for many pressing tasks in the immediate future. The three major economic programs of the party were the topics of this meeting. The first issue debated by the provincial party committee was the need to find the causes of various weaknesses in 1986 with a sense of frank self-criticism and criticism in order to acquire some lessons of experience.

Due to successive natural calamities, 1986 was a year of bad harvests for Hoang Lien Son Province. Its grain output fell short of the plan by over 30,000 metric tons and was 29,000 tons lower than in 1985. The comrade members of the provincial party committee not only laid stress on the objective causes but also pointed out many subjective causes such as bureaucratism in production leadership at all levels; laxity in production relations that has been reflected in the failure to fully implement the product contract system; inefficiency, conservatism, and sluggishness in the application of advanced technology; and lack of seriousness in leadership over intensive cultivation to increase the yield of subsidiary crops. They also pointed to various weaknesses in the forestry and industrial sectors.

In its grain and food program, Hoang Lien Son has set the target for grain output in 1987 at 285,000 metric tons, an increase of 14.5 percent over 1986. The province is expected to increase its grain output by more than 10,000 metric tons each year so that by 1990 it will achieve a target of 330,000 metric tons.

To ensure that this target is achieved, concrete and suitable measures have been instituted for each area and each kind of food crop. Along with closely guiding the intensive cultivation of rice in effort to attain an

average yield of 5.9 metric tons per hectare this year, Hoang Lien Son has paid attention to subsidiary food crops, especially corn. This is aimed at effecting a practical change in the intensive cultivation of 23,000 hectares of corn to attain a yield that is higher than previous years by 4 to 6 quintals per hectare. A number of new rice and corn varieties have been planted this winter-spring crop season with the aim of improving the planned allocation of rice and corn varieties and changing the crop cultivation pattern. Hoang Lien Son has, for the first time, raised the question of expanding the winter crop area, increasing the number of crops per year, and rationally using more than 10,000 hectares of land in each crop season to produce more grain and plant more food and short-term industrial crops, such as peanuts and soybeans, for consumption and export. Stepping up the production of subsidiary crops--a strong position of a mountainous province--is the basis for developing the raising of hogs and other small domestic animals to create a source of food on the spot. A number of crossbred hog centers have been set up in various parts of the province with the coordination of the state-run, collective, and family economic sectors aimed at increasing the herd of hogs with the percentage of crossbred hogs being higher than the previous years. Hoang Lien Son has also offered to supply pork to various basic units under the management of the central level at the rate established for the barter of grain and animal feed to save transportation expenses and curtail losses incurred in the delivery of pork from other localities.

In discussing the consumer goods program, the party committee of Hoang Lien Son Province clearly pointed out the weaknesses saying that handicrafts have developed slowly, the production of some items of low technical standards has been neglected, and the consumption of energy is high while materials are available locally. The provincial party committee has decided to reorganize production in this domain, resolutely stop investment in some unproductive enterprises, expand carpentry in all districts and some of the cooperatives doing such work, meet the demands for ordinary wooden ware in each locality, and encourage the production of porcelainware in order to not only meet local demand but also the demands of localities outside the province since materials are available in Hoang Lien Son. Besides paying attention to the industrial production of traditional porcelainware, the provincial porcelain factory has acquired more investment in terms of equipment in order to be able to increase its production of usual porcelainware and to fulfill orders for exports.

With respect to the production of other types of goods for which the province has the conditions and materials such as the processing of subsidiary food crops, soybean, tea, and molasses, and the production of writing paper, headgear, medicines and tonics from local materials, usual construction materials, rattan and bamboo items, and so forth, it will be organized in all the three domains run by the state, collectives, and households. The value of consumer goods production in the province will be 15 percent higher than that of 1986.

As regard the program for exports, Hoang Lien Son Province will deliver export products to the central government as planned and will simultaneously consider it an economic program of decisive significance in the local socioeconomic development that will reverse a positive impact on production and help stabilize livelihood. In addition to key products such as tea, cinnamon, essential oil, medicinal materials, and canned fruits, the province plans to produce some handicrafts items such as woven and embroidered goods, and rattan and bamboo wares, and create some new export products made of paper, porcelain, and wood in existing factories. The value of export quota will increase by 25 percent over the 1986 figure.

With a view to promoting the production of exports, the provincial party committee raised the question of organizing joint agroindustrial corporations and linking the processing industries to the areas of raw materials--such as tea factories to tea plantations and canned fruit factories to pineapple orchard.

The provincial party committee asked the people's committee and responsible sectors to promptly issue regulations on the implementation of policies to encourage workers and units to produce export goods.

/12858

CSO: 4209/314



## NHAN DAN REPORTS ON THAI BINH ECONOMIC TASKS

BK071600 Hanoi NHAN DAN in Vietnamese 26 Jan 87 pp 1, 4

[Report by Vu Kiem]

[Text] The Thai Binh provincial party committee held a conference recently to discuss the 1987 orientations and tasks and to study new methods in carrying out economic activities.

In 1987, Thai Binh Province is determined to carry out its four programs namely, grain and food, consumer goods, goods for export, and labor and the population. The most important task is the grain and food program under which the province must strive to achieve the targets of 7 metric tons of rice per hectare; produce 30,000 metric tons of pork, 8,000 metric tons of sea fish and shrimp, 18,000 metric tons of jute, 20,000 metric tons of rush, and 80,000 metric tons of peanut.

The province will strengthen its agro-economic structure, especially rice, subsidiary food, and industrial crops structures. The province must strive to increase winter crop area by 30 percent, of which industrial crops for export take up 25 percent. It must also strive to achieve a total production output of grain converted to paddy equivalent of 610,000 metric tons in order to achieve a rice per capita of 400 kg.

Reviewing the tasks for 1986 and previous years, the province has unanimously adopted the appraisal on achievements and criticism on shortcomings of the province in rearranging investment and crops structure. Considering the realities of the province in terms of capital and budget and learning from past lessons, Thai Binh Province is determined to cut or suspend various costly construction projects which are not really necessary or cannot immediately produce goods. These include projects to build a museum and a worker's cultural house.

From now on, all new construction projects must be carefully discussed to reach a unanimous and better decision. For instance, in planning to build a factory for the export of frozen pork, the province has received a proposal saying that careful consideration must be given to various economic arguments relating to problems of zoning off areas for hog raising, preparation for animal feeds and breeding, and other issues. The province

must help newly built production establishments avoid material shortage or spending too much foreign currency to import materials. In this context, the Thai Binh Provincial Party Committee has decided to invest only in projects that will realistically bring about concrete economic results for the four programs of the province.

Regarding the agricultural production front, those attending the conference unanimously agreed that investment proportion for this front in 1987 will be 50 percent of the total budget, that is 110 million dong, in which water conservancy projects take up 85 million dong (75 percent). Besides, the province will increase investment to areas of low productivity which have vast land but lack of conditions for intensive cultivation in order to create an even productivity distribution in all areas of the province.

The supply of materials has also been renovated by providing more transportation facilities to the agricultural material supply corporation so it can deliver materials directly to various districts. Thai Thuy and Hung Ha Districts took the lead in carrying out this task at various crops service corporations; they also provided materials as loans to producers. The financial and banking sectors have also extended their consistent coordination for this task. For acid and low-lying marshy land areas, the province decided to provide them with more phosphate fertilizer and urge them to grow more azolla weed. At present, the province is applying a barter system by selling 1 kg of phosphate fertilizer for 2 dong and buying 820 grams of paddy for 2.45 dong. However, the amount of paddy purchased was low since these acid soil areas need more fertilizer while having less paddy for barter. Some cooperatives had to pay cash for fertilizer since they have no paddy to barter. Some people proposed that the province should sell 1 kg of phosphate fertilizer for 10 dong or barter it for 400 grams of paddy.

A number of comrades held that Thai Binh needs to collect annually 120,000 metric tons of paddy from various cooperatives. But through the exchange of goods (nitrogenous and phosphate fertilizer) and the collection of mechanical plowing fees and farmland irrigation tax alone, the province could obtain 126,132 metric tons of paddy. Then why did the province not lower the phosphate price in order to promote increased production? (At present, those villages with poor performance do not want to receive phosphate at the high price).

As for the industrial and export-oriented crop areas, it is also necessary to reexamine the situation to determine targeted crops for which proper investment policies and measures will be worked out. It is definitely important to stabilize quantitatively and qualitatively the production of those goods already under contract with various socialist countries. Meanwhile, the province must take full responsibility for the supply of export-oriented farm produce. It is necessary to avoid the state in which producers suffer losses once there is a drop in market price or any problems arising from transportation means or packing activities.

The year 1987 also sees Thai Binh experiencing a drastic change on the industrial production front through efforts to tap sources of natural gas and to develop handicraft production with the use of locally available raw materials. In Tien Hai District, a large industrial complex has taken shape, consisting of enterprises dealing in porcelain, glassware, white cement, and enameled tiles used in sanitation projects. With abundant sources of natural gas, the province can think about building a[?] phosphate plant and a nitrogenous fertilizer plant. The number of plants producing porcelain, white cement, and enameled tiles has been determined. And the quantity of porcelain products to be produced will be increased to 4 million by the year 1990. By that year, the province's small-industry and handicraft production will account for 30 percent of the total volume of the country's small-industry and handicraft production. Industrial production units and enterprises can continue to exist only when they manage to run profitably. Otherwise, they will be out of business.

In renovating its ways of thinking and working, the Thai Binh provincial party committee advocates that if something can be corrected immediately, the province will do so. Anything that needs to be studied and have appropriate measures worked out, the province will devise a plan to deal with it gradually. For instance, the holding of party committee meetings is to be improved. Formerly each meeting used to last 7 to 10 days. Now the party committee office will send documents in advance to various party committee members to study and prepare their opinions so that they will be able to present their views right away once a meeting is held. This makes it possible for the province to increase the quality of meetings while shortening the meeting's length by half.

/12858

CSO: 4209/314

## QUANG NINH ADOPTS ECONOMIC PROGRAMS

BK110645 Hanoi NHAN DAN in Vietnamese 22 Feb 87, pp 1, 4

[Text] The party and people's committees of Quang Ninh Province have formulated the objectives, guidelines, and measures to implement the three economic programs.

On the production battlefield, the province plans to carry out intensive cultivation, concentrate investment on irrigation and fertilizer production, use new rice strains suitable to the soil of each locality, and increase the average rice yield of 40 quintals per hectare in 1986 to 50.4 quintals per hectare in 1987. At the same time, it will actively reclaim fallow and virgin land, grow extra crops, and strive to achieve a total grain-equivalent-to-rice production volume of 135,000 metric tons, including 19 percent of secondary food crops.

The belts of green vegetables around towns will be maintained to ensure the production of 15,000 metric tons of vegetables from various crop seasons to meet demand. The province will encourage the raising of pigs, poultry, and goats primarily by collectives and families; reserve more than 13,000 metric tons of grain for the 181,500 pigs; and procure about 8,000 tons of pork to fulfill 80 percent of the demand in the province. Pig raisers will be assisted through obtaining feed and consumer goods.

The production of maritime products will be stepped up by using shrimp as a spearhead in export and using foreign exchange to import equipment needed for the catching and raising of fish. Efforts will be made to reach the target of 12,000 metric tons of marine products, enhance the qualitative processing of fish, and produce 3.5 million liters of fish sauce.

Financed by exports, the province will import raw and other materials and equipment to help increase the capacity of existing consumer and export goods production units and to build new ones. The specific production targets include: 35 million bricks, 11.5 million tiles, 17.2 million items of porcelainware and glassware, 4 million packs of cigarettes, 1 million liters of soft drinks and mineral water and draft beer, 620 metric tons of baked goods and candies, 800,000 meters of mosquito nets, 400,000 meters of coarse fabrics, 300,000 towels, knitware, 300 metric tons of soap, and various items made of plastic, rush, rattan, and bamboo.

In only a short period of time, Quang Ninh Province has scored considerable changes in its first step of adopting a new working method. The province has procured 700 metric tons of pork, 420 tons of vegetables, and 441,000 liters of fish sauce. The fishing fleet of 20 trawlers belonging to the state and Tien Thanh, Tran Hung Dao, and Tan Tien cooperatives have caught 200 metric tons of fish to serve miners, troops and the people in the province. The province has turned out several new items of goods such as assorted sandals, porcelain tea cups, glasses, socks, clothing items, and improved firelog stoves which can be sold easily and are well liked by large numbers of people.

/12858

CSO: 4209/314



## BRIEFS

IMPROVEMENT OF ECONOMIC MANAGEMENT--The Subcommittee for Study and Improvement of Economic Managerial Mechanism of Ho Chi Minh City and Dong Nai Province recently held a scientific symposium on economic managerial mechanism. Those attending the symposium affirmed that the CPV Central Committee Political Bureau's draft resolution No 306 on ensuring basic economic unit's autonomy in production and business is correct as it has helped these units clearly define their production orientations, overcome difficulties in materials, rearrange production work, and build more material and technical bases, thereby improving their products quantitatively and qualitatively. [Summary] [Hanoi Domestic Service in Vietnamese 0500 GMT 5 Mar 87 BK] /12858

KIEN GIANG INCREASES HANDICRAFTS--Kien Giang Province is launching a campaign to encourage private and collective handicraft production establishments to increase their output. The province has helped cooperatives to expand their production network by encouraging cooperative cadres and members to work extra shifts to earn more income while helping them purchase more equipment and materials for production. Family production establishments are exempted from taxes levied on their products and other registering regulations. [Summary] [Hanoi Domestic Service in Vietnamese 0500 GMT 5 Mar 87 BK] /12858

POPULATION, RELOCATION LABOR--The Ministry of Labor, War Invalids and Social Welfare recently held a conference to review its 1986 task on relocation of labor and the population to build economic zones in southern provinces, and discuss measures to accelerate this task in the days ahead. During the past year, provinces from Thuan Hai southward achieved new progress in this task, especially provinces in the Mekong River Delta. Tien Giang, Ben Tre, Cuu Long, Dong Thap, and An Giang Provinces mobilized tens of thousands of laborers to various sparsely populated areas for cultivation. Thuan Hai Province planted more than 1,000 hectares of wet rice and built dozens of schools and first-aid stations, while Dong Nai Province received tens of thousands of workers from other localities for working at various rubber and coffee plantations. The conference also discussed measures to satisfactorily carry out the relocation of the population in 1987, optimally exploit land and labor, and develop various production programs, thereby contributing to effectively implementing the three major economic programs set forth by the party and the state. [Summary] [Hanoi Domestic Service in Vietnamese 1100 GMT 6 Mar 87 BK] /12858

CSO: 4209/314

## POTENTIAL ECONOMIC RESOURCES AVAILABLE IN SEA

Hanoi NGOAI THUONG in Vietnamese 10 Dec 86 p 2

[Article by Nguyen Dai Duong: "Economic Resources From the Sea"]

[Text] Although two-thirds of the earth are the seas and oceans, there still are many countries in the world being cut off from the sea. Therefore, the fact that Vietnam has a coastline 3,260 kilometers long and a coastal region covering 109 districts in 22 provinces, municipalities, and special zones is a very precious privilege bestowed on us by Nature.

Marine life in the sea of our country is an economic strength, a strength for the benefit of export. The outstanding asset it offers is the rich source of sea products, with large potential annual harvesting.

Because our country's tropical sea has what both the ocean and the continental margin offer, its marine life is varied, with abundant strains and species, and it ranks high among the more than 40 seas in the world. Out of sea fish stocks of 3 million tons/year we can catch about 1 million tons. Vietnam's sea, according to an investigation, has about 1,000 fishes, including many species of high economic value living in inshore and scattered areas. More than 60 percent of the fish we catch are those living in the surface layer of the sea (feeding on plankton). This source of sea products is very necessary for the need to supply food both to people and for animal raising.

Shrimp is also a large resource of our sea. Each year the quantities of shrimp obtained from it are from 40,000 to 50,000 tons. About 3,000 tons are from the northern part of our sea, and more than 40,000 from the southern part. In addition, there are other special products, such as squid (15,000 tons/year), crabs (2,000 tons/year), oysters and snails (25,000 tons/year), abalone, sea turtles, and so on.

According to estimates by foreign and domestic experts, the potential annual harvest of our country's sea products can be 3.5-4 million tons. In reality, we have had annual harvests of nearly 1 million tons. In recent years particularly, such harvests have shown definite increases. As a result, the quantities of sea products we exported also increased: from 1981 to 1985 an increase of 3.6 times compared to 5 years ago.

Seaweed that grows in abundance along the shore and in brackish-water lagoons is also a rather great asset of Vietnam's sea, but we have not yet made appropriate investment, nor exploited it in a proper manner, although it is a kind of goods being in great demand in world markets.

In addition, every year we produce millions of tons of salt to satisfy the increasing daily needs of our people and industry, and for export. Another valuable resource is large deposits along the Vietnamese shore of sandstone, including the Thach Anh sand, deposits of "jirem," monazite, and so on.

Another especially interesting feature offered by the sea is the development of tourism. With many beautiful sceneries, historical relics, and unique landscapes and sights, such as Ha Long Bay, the beaches of Do Son, Bai Chay, Nha Trang, Vung Tau, and so on, our country has favorable conditions under which the tourist industry can be expanded in the most beneficial manner; in reality, in recent years Vietnam's tourist sector has undergone good initial changes.

Generally speaking, the economic potential of our sea is very great, for the sea has been a great source of income for our country. But if we want to make sure we can exploit it for a long time, we must always be concerned about protecting the sea environment and ecological balance and avoiding excessive exploitation of any single resource, which will lead to the destruction of all natural resources and adversely affect the environment necessary for marine life.

5598

CSO: 4209/249

## ARTICLE CONTAINS FACTS ABOUT VIETNAM'S MARINE RESOURCES

Hanoi NGOAI THUONG in Vietnamese 10 Dec 86 p 5

[Article by H.L.: "Do You Know?"]

[Text] - Vietnam's sea fish stocks average about 2,842,210 tons, including 1,653,775 tons of fish in the surface layer and 1,188,435 tons of bottom fish.

- The water surface areas available for cultivation of marine products include 56,000 hectares of reservoirs, 29,000 hectares of tidal and brackish water zones, and 80,000 hectares of lagoons and strait and bay areas. Sources of water still uncontaminated by industries. Particularly 300,000 hectares of saltwater being the typical ecological system of high biological productivity.

- Presently there are nearly 40 enterprises producing frozen marine products and nearly 100 installations making ice located all over the fishing zones from Quang Ninh Province to Phu Quoc District.

- The average output of frozen products of an enterprise is 3-5 tons a day. The outputs of some enterprises in Haiphong, Ho Chi Minh City, Ca Mau, and Rach Gia range from 15 to 25 tons a day.

- Presently Vietnam's marine products are sold in 14 foreign markets. The income in foreign currencies obtained from export of marine products in 1985 was 324 percent that of 1981.

- At the Second Vietnamese Econotechnical Exhibit in 1985, 64 exported marine products were awarded the gold medals, 8 the silver medals, and 1 a letter of commendation.

.598

CSO: 4209/249

## RADIO REPORTS ON RICE PLANTING SITUATION

BK110949 Hanoi Domestic Service in Vietnamese 1100 GMT 10 Mar 87

[Text] The entire country has thus far basically completed planting the winter-spring rice, except for certain provinces in the mountain region which are making full use of rice seedlings to transplant more areas.

Tien Giang, Cuu Long, Dong Thap, and Long An Provinces have exceeded the transplanting plan by 3 to 21 percent. The northern provinces now still have around 50,000 hectares to be transplanted.

A number of mountain provinces have made full use of rice seedlings for further transplanting while the northern provinces have had to remove rice plants from certain areas for retransplanting. These northern provinces are trying to use spring rice seedlings for further transplanting but the chance for them to fulfill the plan is very slim.

The northern provinces has been shifting to weeding and caring for rice. There are 80 percent of the rice area being weeded in the first phase and 40 percent being weeded in the second phase.

Thanks to close guidance and good care, the rice is generally developing much better than last month. Worthy of note is that the weather over the past several days has been hot, resulting in the development of harmful insects in large numbers. Provinces in the Bac Bo Delta and in the former Fourth Region now have around 60,000 hectares of rice stricken by rice blast, with Nghe Tinh Province alone having about 30,000 hectares. In addition, there have existed white-backed rice fulgorid and brown leafhoppers in early and main rice plantings.

Localities are continuing to inspect ricefields to detect harmful insects for preventive and control measures.

Also during the same period, provinces have concentrated on planting the spring vegetables, subsidiary food crops, and industrial crops. Some 720,000 hectares have been planted so far. This is still far below the plan target though it shows an increase over the same period last year. Those subsidiary food crops and industrial crops showing a quick increase in terms of area are peanuts and soybeans, while sugar cane area, in particular, represents a drop.



At present, as the planting schedule for a number of industrial, and subsidiary food, and vegetable crops is not over yet, localities must race against time in making full use of seeds and area for further planting.

In the period ahead, there is a likelihood that the weather will be warm or mild cold. In order to make the winter-spring rice crop a success, localities in the north must concentrate manpower on weeding and aerating ricefields while intensifying the inspection of ricefields in order to detect harmful insects for prompt control, especially those insects and blights such as leafhoppers and rice blast. The southern provinces must concentrate on combatting drought in ricefields, trying to harvest those early ripen rice plantings while preparing seeds, materials, and draft force for entering in the summer-fall crop production.

/12858

CSO: 4209/314

## NHAN DAN URGES EXPANSION OF SUBSIDIARY FOOD CROP PLANTING

Hanoi NHAN DAN in Vietnamese 3 Jan 87 pp 1, 4

[Editorial: "Subsidiary Food Crops in the Grain Structure"]

[Text] The resolution of the Sixth CPV Congress calls for implementation of three great economic programs. One of these, the grain and food program, is designed to produce enough grain for society plus a reserve, to meet essential food needs in a steady manner, and to ensure a level of grain consumption that can generate labor reproduction.

Grain production is a key point of the grain and food program. Rice accounts for a large part of the grain structure. However, to ensure adequate grain production we should, in addition to rice, plant more subsidiary food crops. The latter, as a grain crop which suits some types of land and production schedules, should command due attention.

In the past few years, subsidiary food crop production has decreased in both acreage and output--a shortcoming crying out for redress. There are many causes for this: misperceptions about the role of subsidiary food crops in the grain family and in composition of daily meals, scant technological breakthroughs in subsidiary food crop cultivation making it difficult to raise output and lower production costs, and unsuitable policies which do not encourage zones and localities to produce, process, store, and consume subsidiary food crops.

In preparing for and organizing the implementation of the grain and food program, each zone and basic unit should count on its own natural and social conditions to select a proper structure of subsidiary food crops to include corn, sweet potato, manioc, potato, and other starch-producing crops, with a focus on corn.

In planting subsidiary food crops we should also pay attention to intensive farming and multicropping. At the same time, we should expand cultivation in appropriate areas, continuously and effectively, taking care not to destroy forests. In all areas, we can fully utilize land, natural conditions, and tilling customs to grow additional crops and expand vegetable and subsidiary food crop areas. In particular, acreage expansion and intensive farming should concentrate on two-ricecrop areas.

To speed up subsidiary food crop cultivation, we should carry out a series of synchronized measures--making investments, solving the irrigation water problem, supplying fertilizer and insecticide, selecting appropriate high-yield varieties of vegetables and subsidiary food crops, storing and processing products, and adjusting purchasing prices. By adding companion and overlapping catch crops to long- and short-term plants, we can make the soil more rentable and turn out more agricultural products. In the delta and even midland and highland areas, more high-yield subsidiary food crops can be grown through intensive methods.

Some localities have begun to pay attention to choosing varieties through research and applying advanced technological knowledge about some strains to production, thus contributing to multiplying crop acreage, productivity, and volume of production, especially during the winter seasons. These are new factors which should be reviewed for experience in order to increase subsidiary food crop production promptly within the grain family.

In speeding up subsidiary food crop production, we should aim not only at catering to local nutritional needs but also at developing related products to widen the role of subsidiary food crops in the meal structure.

It is imperative to improve the administrative and organizational skills of state organs. We should promptly solve the pressing need for supplies and material and technical facilities so that, in 1987, we can grow 430,000 hectares of corn and 45,000 hectares of potato, harvesting 680,000 tons and 450,000 tons, respectively; at the same time, we should strongly develop other high-yield and starchy crops such as sweet potato, manioc, *polygonatum giganteum*, and *alpinia chinensis*. By systematically encouraging production, protecting grower interests, properly organizing the purchase and transportation of subsidiary food crops, and guiding people to change their daily diet to reflect local grain production, we will certainly fulfill the norms on subsidiary food crop production in the grain and food program, making a tangible contribution to gradually stabilizing the socioeconomic situation in accordance with the resolution of the Sixth CPV Congress.

9213/9738

CSO: 4209/280

## DAILY ON EXPLOITATION OF POTENTIALS IN AGRICULTURE

BK081609 Hanoi NHAN DAN in Vietnamese 9 Feb 87 pp 1, 4

[Editorial: "Exploit Potentials To Step Up Agricultural Production"]

[Text] Quickly and effectively exploiting all existing and latent potentials is an important objective of our economic policy for the years ahead in order to intensify the production force and encourage the development of production. In agriculture, these potentials include land, forests, seas, manpower, and all existing material and technical bases that have not yet been put into fullest use.

Land--which, in the broad sense of the word, includes forests and seas--constitutes a special means of production in agriculture. Although the area of land slated for agriculture in our country is 10 to 11 million hectares, only less than 7 million hectares have been put into use; and although the area of land slated for forestry is 15 to 16 million hectares, there remains only 7.6 million hectares of forests while wasteland and bare hills account for a very high percentage. Apart from the sea area of exclusive economic rights, there are 2 million hectares of bodies of water on our mainland. As many as 1 million hectares of these bodies of water can be used to raise or plant aquatic products. However, only 350,000 hectares have so far been put into use.

It is necessary to classify, zone off, and appropriately invest in agricultural land that has not satisfactorily been used in order to expand the areas of various crops under the intensive cultivation and multicropping methods (without resorting to the destruction of forests). It is also necessary to exploit the potential of agricultural land to increase agricultural output mainly by employing the intensive cultivation and multicropping methods. We must concentrate on creating favorable conditions in terms of materials for all major marketable grain producing localities. Efforts should also be made to promptly prevent the use of ricefields or cropland for other purposes while adopting uniform measures to revitalize soil and increase the turnaround rate of land use. In hilly and coastal areas as well as in areas around cities, apart from formulating plans for afforestation or for the cultivation of long-term industrial crops, it is necessary to intensively interplant various kinds of subsidiary and short-term industrial crops aimed at preserving land and increasing the

sources of farm products for export. Meanwhile, all bodies of water must be used in a way that can bring about high economic results.

Agricultural labor, including technical labor on the agricultural front, accounts for a large part of social labor and constitutes a great latent capacity. Along with carrying out labor redistribution on a national scale and in every province to use land for the development of production, it is necessary to focus the use of labor on intensively building material and technical bases in support of agriculture and practicing intensive cultivation and multicropping. Experience acquired from the application of the product contract system shows that once we have correct policies and combine responsibility and authority with interests, we will be able to mobilize a large number of laborers to participate in agricultural production.

Our material and technical bases are small in size but are not small in number. We have a network of water conservancy projects which include more than 4,000 reservoirs and dams of various types, 1,700 pumping stations, more than 1,000 sluices, and over 27,000 water pumps of various types and a tractor force with an average capacity of 0.26 HP per cultivated hectare. However, these important material and technical bases have been used up to only 50 percent of their capacity. This is a potential that can be exploited satisfactorily with little investment.

By combining labor and land closely with all material and technical bases and by using them in accordance with a correct production guideline, we will be able to bring about practical economic results. Meanwhile, the right to take the initiative in production and business of basic economic units, the integration among state-operated, collective, and family economies, and the enhancement of the system of responsibility--especially economic responsibility in production--will create a combination of various productive factors to develop production at a rapid pace.

/12858

CSO: 4209/314



## RESOLUTION RELEASED ON MUNICIPAL SMALL INDUSTRY, HANDICRAFTS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 9 Dec 86 p 2

[Text of "Regulation on Organizing Management and Promotion of Some Incentive Programs, Policies Toward Municipal Small Industry, Handicrafts of Collective Economic Zone"; first paragraph is SAIGON GIAI PHONG introduction]

[Text] SAIGON GIAI PHONG recently received news of the city's publication of Resolution 192/QD.UB, regulating the management and promotion of some programs and policies for encouraging production in the city's small industry and handicrafts collective economic zone. In response to requests from many people, we present the complete text of the regulation here.

With the aim of strongly pushing production in the municipal small industry and handicrafts economic sector along the lines of having modern small industry and fine handicrafts in order to develop production along with the state-operated economy and all other economic elements in keeping with a rational economic structure, and in the interests of constantly increasing production, exports, and consumer goods, contributing to socialist industrialization, and resolving problems of finding employment and stabilizing daily life for the working people, the Municipal People's Committee directs the following management and employment of production-stimulation programs and policies:

I. On the Organization of Small Industry, Handicrafts Collective Economy

Article 1. In order to activate the role and position of the collective economic zone, cooperatives and production collectives must be strengthened and developed along the right lines:

a. Cooperatives: Small industry and handicrafts cooperatives are socialist elements, a key force of the collective economy organized and managed in keeping with the technical economic sector in order to occupy, with the state-operated economy, an essential role in the state economy.

The cooperative is a basic-level economic unit of the state economy, practices independent economic accounting, is financially self-reliant, implements the principles of socialist economic and business management, is

equal to economic units of the state, and progresses with the state-operated economy toward socialism.

1) With mid-level cooperatives, the following basic standards must be upheld:

--collective production organization; members receiving pay according to labor.

--main production materials are collectivized (with a portion of the contributions to the cooperative from the cooperative members themselves).

--income is distributed and shares divided according to policy.

2) With high-level cooperatives, the following additional standards must be met:

--production materials and property are completely collectively owned

--share distribution does not take place

b. With production cooperation teams: production cooperation teams are low-level socialist collective economic organizations, operating on a small scale, with production materials and capital contributed by team members, who produce collectively (not hiring essential production personnel) and enjoy proceeds according to work done.

Production cooperation teams meeting the standards of Article 1 for cooperatives are treated as mid-level cooperatives.

## II. Developmental Direction

Article 2. Following is the developmental direction for the collective zone, comprising cooperative and production cooperation teams (hereafter referred to as cooperatives):

1) An appropriate choice must be made among the various forms of solidifying new production relations (production cooperation teams, mid-level cooperatives, or high-level cooperatives) with the aims of raising productivity, quality, and effectiveness and raising the standard of living of working people without force.

2. The collective economy must constantly be made stronger, along with the state-operated economy, with the socialist economy taking an advantageous position and developing superiority over other economic elements; cooperatives are not to be upgraded to state operations in the near future.

3. Cooperatives or production cooperation teams operating in accordance with regulations will not be drawn into joint enterprises, self-sufficient enterprises, or life enterprises.

4. Cooperatives must establish relatively stable production lines for themselves, developing production with comprehensive economic results.

5. Cooperatives are allowed to produce and do business in all goods except those for which the state monopolizes production and business, as with liquor, tobacco, Western drugs, printing, and some products reserved by sector planning for state-operated enterprises.

6. Cooperatives involved with product groups in technical economic sectors act as satellites for state-operated enterprises in keeping with principles of voluntariness, democracy, justice, and mutual profit.

For sectors not organized into state-operated enterprises, the leading cooperative is the guidance and chair unit of the product group.

### III. Some Production-stimulation Programs, Policies for Collective Zone

#### Article 3: On Rights and Obligations of Cooperative Members

In addition to the rights and obligations established by cooperative regulations, cooperative members enjoy the following rights and have the following obligations:

1) To receive cultural, political, and vocational training and development, to include being sent to short-term and long-term courses at state schools and courses following programs currently in effect for the state zone. For high-level cooperatives, children of cooperative members are eligible for the same training and development as children of state cadres, workers, and civil servants.

2) To enjoy social insurance programs, such as retirement, compensation for labor accidents or loss of working strength, and burial subsidy according to programs currently applying to state cadres and workers, provided for by funds of the Municipal Federation of Cooperatives.

3) With cooperatives that contribute medical funds to the medical sector, cooperative members may set up examination records and receive medical examinations and treatment along the same lines as state cadres and workers.

4) Members of cooperatives are sold grain by district and ward grain agencies at rations established for cadres and workers in the corresponding state-operated sector.

5) Cooperatives must meet obligations to the state and accept economic administrative management of state functional agencies (at ward, district, and sub-ward/village levels) and accept guidance from a higher center, the immediate one being the ward or district center of the federation of cooperatives. Other agencies coordinate guidance.

6) Cooperatives may actively exploit capabilities for developing production and for insuring regular work, arranging for the material and cultural life of cooperative members, and attracting more social labor to production.

7) Cooperatives are to pay adequate attention to socialist education, building the party and mass organizations at the basic level, and properly implementing policies toward women members of the cooperative.

8) Members of cooperatives have the same socialist labor obligations as cadres and workers in the state sector.

#### Article 4: On Property of the Cooperative

1) Property of the cooperative is socialist property under the collective ownership of cooperative members and protected by state law; no one may regard it as property for personal use.

2) There is no limit on obligated and non-obligated shares for payments by cooperative members to the cooperative. The cooperative must ensure distribution of the results of production and business according to labor in order to encourage a higher share dividend.

3) Cooperatives can accept share payments from private individuals or from organizations of Vietnamese in foreign countries in all such forms as funds, materials, and equipment investment in order to modernize the industrial production line and raise productivity, quality, and effectiveness.

4) The cooperative is allowed to rent or lease fixed assets not being thoroughly utilized to other basic-level production installations (with priority to the collective zone); receipts from this are deposited in accumulation accounts of the cooperative.

5) Absentee-owned property, including property temporarily provided by the state and property of absent cooperative members that has not been priced but is being used by the cooperative, will be examined and handled along the lines of returning it to state use or will be priced by the state for incorporation into the collective's property.

#### Article 5: On Planning, Economic Contracts

Planning. Based on state programming and planning, with direct guidance from the echelon above, the cooperative may actively research market demand and determine the direction and scope of production, organize management, and formulate a comprehensive plan for itself, following the priorities of state planning goals.

In reference to cooperatives, the state implements planning mainly by selling raw materials and buying finished products through economic contracts and economic policies.



**Economic Contracts.** The cooperative is equal before the law in the matter of signing and implementing economic contracts and can proceed according to the following regulations:

--Economic contracts which the cooperative signs with economic units in the city do not undergo an approval process, but must be sent to management agencies according to the common regulations for guidance and control. If the responsible agency has not commented after a period not to exceed 3 days, the contract is valid for implementation.

--Economic contracts which the cooperative signs with economic units outside the scope of the city (central or provincial units, or those of other municipalities) must be approved by the ward or district people's committee and sent to associated agencies and at the same time to the municipal planning and municipal economic arbitration commissions for monitoring. The period for studying the contract is not to exceed 3 days.

--The transmission of contracts to management agencies is considered a mandated requirement. Violations will be prosecuted.

--When transporting goods outside the city, in the cases of two-way processing or exchange or material purchasing and final product sales contracts, there must be approved economic contracts and appropriate invoices; marketing contracts must comply with all current regulations.

#### **Article 6: On Materials**

1) Cooperatives can pay for or go through the process of inviting import/export organizations to import equipment and materials and mobilize relatives in foreign countries to send equipment and materials for production, with no limitation on the volume or number of times goods are sent.

2) Following mandatory planning objectives and contracts signed with state-operated economic units and based on approved levels for materials, cooperatives sign materials purchasing contracts with materials marketing organizations, such as state-operated enterprises.

3) A higher priority has been set for electricity to cooperatives than to individual families. According to the norms for electricity, monthly increases and decreases can be requested through the ward or district electrical distribution management board within the norms for the entire year.

4) From state-operated enterprises and agencies, cooperatives can buy surplus, overstocked, low-standard, and discarded equipment and materials according to state regulations; they can actively exploit materials through joint and combined business operations and product exchange contracts, accepting convertible goods in order to create sources of materials for production of the cooperative.

5) Like state-operated economic units, cooperatives are directly supplied some specialized sector materials for producing products according to economic contracts with the state according to planning norms.



6) For use of less materials managed by the state than planned or use of domestic materials in place of imported materials, cooperatives receive the same awards as state-operated enterprises.

7) Cooperatives can receive materials and equipment from philanthropic aid organizations, international organizations, and overseas Vietnamese organizations in order to develop production in accordance with the common municipal regulations.

#### Article 7: On Consumption, Import/Export Goods

1) Cooperatives can actively seek a consumer market for its products. For products outside the norms of contracts signed with the state, cooperatives can arrange distribution at a negotiable price. The cooperative may retain a portion of the products for which it is accountable for use as convertible materials with production units, such as state-operated enterprises in the same sector.

Cooperatives must comply with contracts when delivering products for which it has signed contracts with the state.

Cooperatives are allowed to arrange their own distribution for products not bought by the state or not bought in their entirety.

2) Cooperatives are encouraged by the state to seek foreign markets and send persons to visit foreign countries and research markets there out of on-hand funds, in accordance with regulations of the state, in order to expand export markets.

3) Test sites for the use of foreign currency obtained from exports may be implemented in high-level cooperatives in order to purchase equipment and materials for production.

#### Article 8: On Prices

##### a) Product Price:

1) With products for which the state provides materials and regulates price, the production cooperative contracts at a fixed price.

2) With products for which the state does not provide materials, but regulates the price range, a contract is signed for a negotiated price within the price range; the price need not be approved, but must be registered.

3) With products for which the cooperative provides its own materials and for which there is no set price range, contracting follows the principle of "buying when the price is reasonable and selling when the price is appropriate"; the pricing method is registered with the price management agency.

4) With products newly manufactured on an experimental basis and sold by way of a market probe, the state does not fix prices, but the cooperative must register prices with the local price management agency and sell at registered prices.

b) Wages and subsidies.

1) Wages, subsidies, and benefits to cooperative members are to be equivalent to wages and subsidies of local state cadres in the same sector as a basis for calculating norms.

Cooperatives may pay wages to cooperative members in any form according to the principle of distribution according to labor and on the basis of expanding and perfecting product contracting methods.

2) Wages for products with high technical or artistic requirements, products meeting state quality standards, and export goods are higher than those of ordinary products.

3) With export goods and high-quality goods, the profit is set higher than for ordinary products by from 10 to 20 percent.

4) Products given the label of state quality, products that are raw materials, products openly recognized as taking the place of import goods, and export products enjoy price subsidies.

Article 9: On taxes

1) Tax reduction and tax exemption policies will be correctly implemented for the collective sector in accordance with the industry and trade tax regulations.

2) Income is exempt from taxation for 1-2 years on products manufactured by equipment newly imported through relatives in foreign countries, new products, products substituted for imports, products that are raw materials for materials production sectors for which the initial source of raw materials is the exploitation of domestic resources, products manufactured from domestic raw materials substituted for imported raw materials, when cooperatives have made new investments in equipment or plants or have expanded production with domestic capital or capital imported from foreign countries, and when cooperatives are newly established and experiencing many difficulties.

All taxes are exempted during periods of test production.

3) Taxes on export goods are exempted or reduced for from 6 months to 1 year when cooperatives seek their own market.

High-quality products capable of competing on the international market which are being exported for the first time are exempt from taxation.

4) Taxes are exempted or reduced on materials imported by mail from relatives in foreign countries. Modern equipment and scarce materials imported for the first time are exempt from taxation.

5) Income is exempt from taxation for cooperatives which have difficulties processing export goods for the state.

6) Tax on surplus income is calculated for cooperatives and production cooperation teams according to the accounting period of the basic level, without temporary collections or supplementary collections.

7) In all instances in which excise taxes or provisional commercial taxes are collected (including cases of cooperatives purchasing materials for production), concrete direction is provided by the Municipal Tax Service along with the Municipal Federation of Cooperatives.

#### Article 10: On Credit, Banking

1) Cooperatives with their own capital, by regulation comprised of a ratio of 50 percent liquid assets and 30 percent fixed assets, can take a loan from the State Bank to enable it to have adequate capital for production or to obtain additional equipment to improve techniques, modernize equipment, or expand production. If the cooperative has insufficient capital of its own, the bank can provide the loan, but the cooperative must have plans for increasing sources of capital or increasing appropriate annual capital accumulation within a period of 1 year for liquid assets and 2 years for fixed assets.

2) Cooperatives with economic contract relations or joint economic endeavors with the state receive priority for loans and cash withdrawals from the bank.

3) To cooperatives that meet planning standards and perform good economic accounting, the bank can make the same intra-plan and extra-plan loans as it does with state-operated enterprises.

4) On their own initiative, cooperatives can use funds deposited in the bank and unused over a fixed period, if this does not have an adverse effect on the plans for the use of each type of account, and it must be returned to each account after the accounting period.

5) Cooperatives are allowed to develop cash from total interest payments and can withhold funds for use in accordance with agreements with the bank.

6) Cooperatives with a good credit rating can use checks to transfer funds to settle accounts with state agencies, and cooperatives within the city can use checks to settle accounts with units outside the city in accordance with directions from the bank.

Cooperatives and customers select the form for settling accounts, in accordance with guidance from the bank.

## Article 11: On Labor, Training

1) Cooperatives are permitted to accept more supplementary labor regularly in accordance with regulations.

If the state has assigned the cooperative a central planning task or has seasonal production, it is allowed to accept labor beyond ratios set by regulations, but this cannot be extended beyond the season.

2) Technical management cadres on duty at cooperatives retain eligibility for policies and programs of state cadres, workers, and civil servants.

## Article 12: On Science, Technology

1) As for managing technical standards, cooperatives must implement product standards set by the state or sectors, but with products for which technical standards have not been set, cooperatives must implement the technical standards approved by the managing agency of the technical economic sector or the agency directly above.

2) With products which the cooperative distributes, product grade must be clearly indicated, and they must bear a guarantee and label.

3) Cooperatives can transfer or purchase technical secrets and inventions and industrial ownership like state-operated enterprises.

4) In its leadership role, state-operated industry is responsible for guiding cooperatives in the application of scientific and technological advances and scientific communications and the use of new technology, new product designs, and advanced technical goals and standards, and for transferring modern equipment and technology to cooperatives, so that they can occupy with state-operated industry an essential position in the public economy.

## Article 13: On Income Distribution

1) Regarding financial payments, aside from voluntary contributions of a social nature, such as public welfare construction and relief, cooperatives and production cooperation teams, after meeting tax obligations, need make no other payments, other than expenses, sector welfare funds, and contributions in keeping with regulations.

2) Income distribution must adhere to the principle of distribution according to labor; at the same time, undistributed funds must be increased in the aim of responding to the needs to develop production, expand socialist collective ownership and collective welfare, and improve life for cooperative members.

Cooperatives are allowed to take the initiative of actively using those funds and rationally balancing accounts through the congress of cooperative members and in keeping with the ratios proposed by the higher echelon of the federation of cooperatives.



#### IV. Implementation Clauses

Article 14. The Municipal Federation of Cooperatives is responsible for coordinating with the industrial service, along with associated ward and district people's committees, on the implementation of this regulation.

The following agencies provide guidance in specific matters:

--The materials corporation provides overall guidance in marketing materials and discarded materials.

--The electric power service provides specific guidance in the supply of electricity to the collective zone.

--The Municipal Federation of Cooperatives, along with the Municipal Import/Export Corporation, the Small Industry, Arts, and Handicrafts Export Industry, and associated agencies provide guidance in activating domestic and foreign funds to import technical materials to renovate equipment and develop production.

--The Municipal Finance Service and Navy provide guidance in naval procedures, tax collection, and tax reduction and exemption.

The labor service and commodity price service provide guidance wages, processing price, and the formulation and registry of price methods.

The Municipal Bank provides guidance on credit.

The medical service provides guidance in expenditures to the sector to receive hospitalization.

The Municipal Commerce Service and Economic Arbitration Service provide guidance on economic contracts and product marketing.

#### Article 15.

This regulation is effective on the date of signature. All articles of previous regulations contradicting this regulation are abolished.

9830

CSO: 4209/246



## BRIEFS

HANOI-PHNOM PENH TELEPHONE LINK--The Vietnamese and Cambodian postal sectors have established a telephone system linking Hanoi with Phnom Penh through satellite. The new telephone line was commissioned at 1500 local time on 1 March. Subsequent calls between the two capitals have been made quickly and conveniently. The new system will help Hanoi and Phnom Penh communicate with each other in a few seconds. Long-distance callers may dial 01 before using the new telephone line. [Summary] [Hanoi Domestic Service in Vietnamese 2300 GMT 4 Mar 87 BK] /12858

CSO: 4209/314

## VO TRAN CHI INTERVIEWED ON PRESS RENOVATION

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 7 Jan 87 pp 1, 2

[Interview with Vo Tran Chi, Member of the Party Central Committee and Secretary of the Ho Chi Minh City Party Committee, by the Editor in Chief during a visit to the SAIGON GIAI PHONG office about 1 January 1987: "Vo Tran Chi Speaks on Press Renovation; The Press Must Respect the Truth, Correctly State the Truth; and To Avoid Bureaucratism, Must Reflect All the Voices of the Laboring People, Not Just the Opinions of the Leaders"; first paragraph is SAIGON GIAI PHONG introduction]

[Text] On the occasion of the solar new year, Vo Tran Chi, Member of the Party Central Committee and Secretary of the Municipal Party Committee, paid a visit to SAIGON GIAI PHONG. The Editorial Department cordially received him and listened to him speak about the overall situation and work of the city. Upon a request from the Editorial Department, the Municipal Party Committee Secretary gladly exchanged a number of opinions on the press, especially the matter of press renovation. Because this is a current subject about which the readers are seeking understanding, we publish below a number of questions and answers of an interview nature between the Editor in Chief and the Municipal Party Committee Secretary.

Editor in Chief: Mr. Municipal Party Committee Secretary, since the beginning of our conversation, we have very much agreed with your opinions asserting that press renovation is an urgent requirement because our press cannot continue to be maintained in a bureaucratic condition as it has for a long time. However, in your opinion, where should we begin? What is the most important?

Committee Secretary: There are many important things that must be done. In my opinion however, to renovate the press, it is necessary first of all to respect the truth and to correctly state the truth. The truth on results achieved must also be correctly stated. This means there must be no exaggeration. Unfinished and unsatisfactory aspects, errors and shortcomings must also be truly correctly and accurately stated. It is also necessary to speak constructively. This means there must be efforts in persuasion. Persuasion even for those who make mistakes. This is the most difficult thing to do and also returns the greatest results.

In ascertaining whether the press renovation is good or not, what must be used as a measurement? The results. Results in praising the good and the new and also results in the struggle against the slow and the negative.

Editor in Chief: We fully agree with you that results must be used as the measurement. However, something that must be clarified is for example the efforts to criticize negativism; from what directions must we examine these results?

Committee Secretary: From the directions upon which the press has an influence. From the direction of the masses, examine whether they are in accord with us or not. In the direction of the struggle objective, examine whether there is acceptance and correction of the errors and shortcomings or not.

Editor in Chief: But of those two directions, which do you define as primary?

Committee Secretary: The crucial issue is that through criticism and struggle, the newspaper must persuade and assemble the forces of the masses to resist negativism. If they are assembled, sufficient strength will be available to force the struggle objectives to change whether they want to or not.

Editor in Chief: The masses usually have a psychology of looking for signs of democracy expressed in the press, especially in the party newspaper, to firmly believe that the party is determinedly striving to increasingly democratize internal party and state activities and at the same time social activities. What do you think about this psychology?

Committee Secretary: That is so. The party uses the revolutionary press as one of the means to achieve socialist democracy. Through the popular information agencies, the masses raise their voices, the voices of those in control of society.

If a newspaper publishes only the opinions of leadership cadres, it cannot avoid bureaucratism. Conversely, if it has all the opinions of a majority of the workers, farmers, laborers and socialist intellectuals (collective or individual), that is democracy of the laborer, socialist democracy. On this occasion, we must give attention to pointing out one thing: bourgeoisie democracy is freedom of the individual; while socialist democracy is freedom with organization and the leadership of the party.

Editor in Chief: Much has been said recently about the concept of a dialogue between the party and the masses. This has made the masses extremely enthusiastic and they have attained an increasingly clearer understanding of the party. Within the party however, there are those who have expressed concern about this. Do you think this is a viewpoint requiring clarification?

Committee Secretary: The party was created to lead the masses. A party without the masses has no leadership objective. Masses without the party have no orientation. The relationship between the party and the masses is one of objective respect. Party leadership of the masses must be accomplished through mass mobilization and not through orders.

Therefore, to speak of a dialogue between the party and the masses is to state that the party, through that form, mobilizes and educates the masses. It must not be understood that dialogue is lowering the leadership role of the party. It is one of many forms of mobilizing the masses.

What is dialogue? It is the party speaking to the masses and the masses speaking to the party. There must be an exchange. This is the mass nature in the activities of the party. To fail to do this is bureaucraticism.

Editor in Chief: We understand that dialogue with the masses must be the responsibility of all cadres of the party in all sectors, echelons, circles, etc. The cadres of the party and government must regularly speak to the masses and provide straightforward answers to the issues about which the masses are concerned and ask questions. That is the responsibility of satisfying the people's right to know.

Committee Secretary: That is so. Especially concerning a party in power, it is increasingly necessary. Not to do so is bureaucracy. In speaking with the masses, if a question is asked, it must be answered. A cadre may not know everything about something the masses want to know but he must at least clearly understand his own field in order to answer their questions, replying directly or through the press. Unfortunately, there are presently fairly many of our party and state cadres not yet doing this.

Editor in Chief: Back to the matter of resisting negativism. In your opinion, why has negativism still not abated and why has anti-negativism not yet produced the desired results?

Committee Secretary: True, the negative situation at the present time is widespread and serious. Why? Because we have not yet resolved the root of the problem. When a laborer in one trade lives primarily through income from another source, it is difficult to avoid the occurrence of negativism. Where does negativism occur? Primarily in basic production and business units, and in the locations engaged in the production and distribution of materials. Past resistance to negativism has not produced the desired results due to many reasons but I believe the primary reason is that the party organization at the primary level has not been sufficiently strong or had a concept in leading the masses in basically halting and resisting on the spot those manifestations of negativism that occur.

Frankly, the mechanism of the party leading, the people controlling and the government managing is not presently being achieved at the primary level.

Editor in Chief: In such a situation, do you think that building a pure, strong and stable party and renovating mass work at the primary level are matters of an urgent and decisive nature?

Committee Secretary: Yes I do. I see a need at the present time to reexamine to what extent the party organization at the basic level is truly pure, strong and stable and whether there is truly mass leadership or not. Are basic trade unions properly fulfilling their role and function? It may be said that nearly all the trade union organizations are concerned only about life. There should be concern for political education and management participation. The work methods and activity directions of these organizations must be swiftly renovated. The party must give concern to mass education, especially political education,



to strengthen the collective ownership spirit of the masses. This is a widespread and profound revolutionary campaign with an extreme need for the direct contribution of the press.

Editor in Chief: The major tasks of the party presented by the Sixth Congress demand that the press be renovated. Renovation is an extremely complex and difficult job. Not only does it demand the firm leadership of the party committee echelons but also the work of key cadres in all sectors and levels. To this time, we have noted that this work is not always good. Occasionally it is still the reverse.

Committee Secretary: This must be the viewpoint: work is working with the necessary forces to strive for a definite objective and requirement. It is not simply working with all of the objectives for which one must struggle. To achieve this, the press agencies must summarize the work of the past year, properly evaluate, and join each other in careful discussion to unanimously agree on a plan for finally forming a common position, have it approved by the Standing Committee of the Municipal Party Committee, and through inspection of achievement, supplement and perfect it.

Editor in Chief: On the occasion of the new year, is there anything you wish to say very briefly on the year 1987?

Committee Secretary: The year 1987 is the first year in which we begin to achieve the Resolution of the Sixth Congress. I think this will be a year demanding many great efforts from the cadres, party members, soldiers and compatriots of the city. Last year, we made good contributions in formulating the Resolution of the Fourth Municipal Party Congress and the Resolution of the Sixth National Party Congress, but the struggle for these historic resolutions to begin life and change the situation will not be simple and will demand a redoubled overall effort. At the beginning of the year, we must congratulate each other for the good things but they did not come on their own. On the favorable and extremely decisive basis of the Resolution of the Sixth Party Congress, we are beginning the new year with actions and efforts to continually achieve renovation in actual practice.

I suggest that the press begin to move for it is already a little late. If before the press made competent contributions toward a spirit of actively assisting in formulating the resolutions of party congresses at all levels, it must now lead the way in motivating an eagerness for understanding the themes of the resolutions and seeking means to achieve the resolutions within the party organization and among the people. This is the beginning of a material possibility.

Editor in Chief: On behalf of the readers, we sincerely thank you.

7300  
CSO: 4209/306



## REASONS FOR DOCTORS REJECTION OF PARTY MEMBERSHIP EXAMINED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 9 Dec 86 pp 1,4

[Article by Q. K.]

[Text] A unit awarded the medal of heroism (the Gyneco-obstetric Hospital); many units presented the labor medal, various classes; 123 units designated socialist labor teams; 11 individuals designated emulation fighters on the sector level (including 2 national-level emulation fighters); 203 emulation fighters on the municipal level; 478 emulation fighters on the basic level--these are the results of the efforts of cadres, workers, and civil servants of the municipal health sector over the 11 years since liberation. It is impossible not to recognize that over the past 11 years medical ranks of the city--including both the health sector and the pharmaceutical sector--have had admirable achievements in health care, especially when we consider the shortages in medicine and medical equipment.

Nevertheless, behind the figures indicating success are other figures that cause us to stop and think: there are 13,525 cadres, workers, and civil servants in the municipal health sector, but only 396 of them are party members--a mere 6 percent. Only about half of those 396 party members are physicians, pharmacists, or other college graduates. With the party holding power, exercising comprehensive leadership, and standing at the cornerstone of the health sector, we have the right to ask: Will the accomplishments of the health sector not stop at the level described above if there are not many more doctors with party membership?

And why are there there not many doctors with party membership?

Still Service, Party Member or Not; Party Membership Means Too Many Meetings! Heavier Responsibility In Party; Hard for "Nguyens" To Enter Party

During a break at a recent international convention in the city, Doctor D.T., with the sincerity of an intellectual, gave an honest answer to the question, "Why have you not joined the party?"

"I do not think that there is any difference between a doctor who is a party member and one who is not in the matter of caring for patients. I consider capable performance in a specialty also to be a contribution, and that it is not necessary to join the party to perform it!"

No fewer than 20 qualified doctors in many municipal hospitals agreed with the spirit of that answer when we questioned them on this matter. Actually, there are different reasons for joining the party. Comrade Vu Bang Giang, in charge of the Party Affairs Department, Party Organization, Health Service, told us that doctors are "afraid of" joining the party out of a fear of becoming too busy with meetings, which would adversely affect their lives! To be more specific, after 8 hours in the hospital, many doctors have to work after hours at clinics, examining and treating patients. To lose an hour of "fishing," as they humorously refer to their moonlighting, would greatly affect their modest income. Furthermore, although there is no formal restriction against it, they feel that it would be inappropriate for a party member to open an after-hour clinic, aside from the fact that with after-hour meetings, when would one find regular hours for appointments with patients.

On the other hand, a large number of doctors dislike the way responsibilities received in the performance of duties become more burdensome when one joins the party. A doctor who joins the party must undergo close observation, questioning, and critique from many directions: the leadership, colleagues, and patients. Dr X. is one example. The party chapter of a health unit announced they would accept him in the party and invited opinions from the masses. Whether from opinions of colleagues or from how the formal meetings went, the spirit of Dr X. was broken. He said that some colleagues thought that he was putting on airs with them when he could not give an estimate of his stamina in relation to the burdensome responsibility of party members.

Among these subjective causes, however, the complexes and fears of doctors vis-a-vis the party are obstacles and differences which it has been impossible to overcome. Due to historical events, the majority of qualified, experienced doctors serving in 20 municipal hospitals and 18 wards and districts graduated under the old regime. A criminal (!) quirk causes them to lean exclusively toward their specialty, not realizing that party induction is not only a responsibility on the side of the party to conduct recruitment, but is also an imperative in the soul of the socialist doctor. One time, when chatting with a well-known pediatrician in the city, we heard him say in a distressed tone of voice, "It is hard for people of the Nguyen family, like myself, to join the party." (By "Nguyen family," he meant persons who had served under the old regime.) It is clear that with these prejudices, it is difficult for basic-level party chapters to increase the rate of party development among doctors.

#### Party Induction Not a One-way Proposition; Basic-level Party Organization Still Passive in Developing Persons

Understanding and beginning to love Soviet literature, Doctor T.T. borrowed the words of (Batsana) in his work ("Eternal Law") to answer the question, "Why have you not joined the party?" by countering with the question, "Why has the party not recruited me?"

Never conceited, he was pointing out the responsibility of basic-level party organizations. In our opinion, party organizations on the basic level must assume primary responsibility for there being few physicians who are party members. Very few doctors have been brought into the party since the day of

liberation. A few representative figures: 11 years after liberation, An Binh Hospital has brought two doctors into the party; Nguyen Tri Phuong Hospital, 2 doctors; Pham Ngoc Thach Hospital, 3 doctors; Nguyen Trai Hospital, 6 doctors. A hospital director renowned in many foreign countries was not accepted into the party until 1982.

The secretary of a hospital party chapter said that one of the necessary steps in party recruitment is the background investigation. This is not a problem unique to our party chapter. Moreover, to tell the truth, many people would question the acceptance into the party of, say, a former captain in the medical corps of the old regime, with the old habits of thought!

Naturally, in order to ensure that its combative nature is sustained, the party will still have to deliberate over candidates for party membership. One of the indispensable steps is the examination of the person through his past. History (understood in its very scientific meaning) is not everything, but it is clear that it is a practical basis for the party to understand its future warriors more correctly.

Nevertheless, for a long time, due to excessive emphasis on history, many party organizations on the basic level have accepted two circumstances: the fear of accepting former intellectuals into the party, and waiting for the maturing process of ideals in the ego of those persons. For that reason, it is not hard to see why many doctors who have been emulation warriors on the municipal level year after year, serving patients with total dedication, remain persons "in parallel" with the party, but have not been assimilated into the party, with the character of Communist Party members. No matter how much he may desire acceptance in the party, the pride of a doctor--an intellectual--prevents him from approaching the secretary of a party chapter to request it. Although he did not put it into words, Doctor N.C.H., along with many of his colleagues, communicated that party induction was not one sided.

#### Opening Door of Party Membership to Doctors

An 11-year period is perhaps sufficient to screen persons. Doctor Tran Thanh Trai, head of the Internal Medicine Department of Children's Hospital 1, expressed this opinion calmly and confidently. It signifies that every hesitation and verbal appeal while the door of the party is only half open weakens the party. Experience gained in the Gyneco-obstetric Hospital, Children's Hospital 1, and Gia Dinh People's Hospital--places with a rather high rate of party development--has shown that if there are many party members who are doctors, patients will be served better. Absorbing many doctors into the party, pardoning events from a long time in the past, will represent a forward stride in quality of treatment and generally in the quality of performance in health work. And quality of health care for the people is itself one element in the high goals of the party.

9830

CSO: 4209/246

## ALCOHOLISM PREVALENT AMONG CITY'S YOUTH

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 7 Jan 87 p 2

[Article by Nguyen Huu Tai: "Youth Alcoholism Has Reached Alarming Level!"]

[Text] According to data collected from a research project on the problem of youth alcoholism conducted by the educational psychology department of the Municipal Teacher's College, 41 percent of the youths in the city like to drink alcohol and 12 percent are addicted to alcohol. In the 26 to 28 age group, those who are fond of and addicted to alcohol comprise up to 76 percent. In the rural suburbs, 59.7 percent of the youths from 15 to 28 are fond of and addicted to alcohol, while those in the inner city account for 46.6 percent. Among the various types of alcohol, rice alcohol is most often drunk by the youths.

Although a decision of the Municipal People's Committee forbidding cadres, workers and civil servants to drink during working hours and prohibiting the private production and sale of alcohol; and decisions forbidding the drinking of alcohol in the public security sector, Military Region 7, navy, tax sector, wards, districts, etc. have produced initial results, alcoholism is spreading and is still an alarming problem.

Of 100 cases of drunkenness, 36.6 percent occurred in state stores, 34 percent in private establishments, 21 percent "happened" at home, etc.

The background of drinking youths is also an issue worthy of thought. Those with jobs drink much more than those with none. Youth employed in the economic sectors drink much more than those in other areas.

The first problem presented is that the city has not yet been able to manage and control the amount of alcohol produced, has not inspected the sources and destinations of alcohol, and has been unable to maintain a monopoly in the production and distribution of alcohol.

What is the Reason?

In conjunction with the difficult production and life situation, our economic and social management presently still has many limitations, the conditions of daily activities, pleasure and relaxation still lack a great deal compared with the requirements of life, we are too lax in ideological and education work, and there is a shortage of effective methods for restricting and halting excessive



drinking. Not only private operators but the state-operated and cooperative beverage sectors of the city, wards and districts continue to pursue simple business volume norms, refreshment stores and shops continue to spring up and beer and wine continue to be sold without restriction. Our "pet peeve" at the present time is that to go find a "mouthful" of wine or a few liters of beer in a state or privately operated store is still easier than finding a ticket to see a good play, band or movie because you don't have to stand in line and don't need any credentials! This situation is even more severe in the rural area. Many districts still have no cultural building, movie theater, perfected ball field or library. They are good plots of ground for alcohol to "seize." Moreover, it could be that our public opinion and society are still too easy-going, permissive and familiar both with itself and the people around it, including those who are most dear. Of the youths, 58.4 percent believe that the causes leading to drinking are the influences of friends and local neighborhoods and the relationship with relatives in the family. The "contagion" of alcohol is a fairly important factor. Within the same family, if the father drinks, the son drinks; if the older children drink, the younger children do; and if this family drinks, that one over there does. Naturally, within an agency, if the chief drinks, the personnel drink, creating a surrounding environment that is sympathetic to drinkers. Many individuals with position and power have declined in quality due to alcoholism.

#### Proposing a Few Methods

Resisting the drinking of and addiction to alcohol is a struggle to win back and protect mankind. It is not simple and is an historic unresolved problem closely related to customs, habits and rituals of a broad influential scope. Consequently, resisting alcohol drinking and addiction must be a project of a social nature, mobilize the strength of society, have the coordination of all society, and begin with the production and sale of alcohol, in which the Communist Youth Union must be the nucleus. We must wholeheartedly emphasize the factors of social psychology, not simply stopping at simple administrative methods. First of all, this campaign must be conducted with both a resolute and a persuasive manner, with a subtle and long-term effect in each specific step, creating a proper social viewpoint regarding alcohol in daily life. The needs for social relations, friends, communications, etc. are the rational needs of youth. The problem is the level of drinking that is acceptable.

Attention must be given to educating and motivating a resistance to alcohol drinking right from the very smallest age, and in each family, small collective and mass organization in order to create sufficient strong social opinions and social psychological factors in efforts to halt the presently spreading situation of alcoholism which will surely further "burst out" in the approaching New Year holidays.

On the other hand, active and resolute administrative methods are needed to enforce the decisions of the Municipal People's Committee forbidding the drinking of alcohol.



**END OF**

**FICHE**

**DATE FILMED**

4 June 1987